

Reliability Standards Committee Procedure

Purpose

The following procedure is to define the roles of participants in the Reliability Standards Committee (RSC). This committee is responsible for review of Regional Standards Authorization Requests (SAR) and subsequent recommendations for revision, deletion or development of a Regional Standard. The RSC will also vote to recommend a proposed new or revised Regional Standard to be presented for a vote to the Texas RE Registered Ballot Body. The RSC will receive, consider, and vote on requests for new or revised Regional Standards and Regional Variances. The RSC will consider any requests for Regional Standards or Regional Variances from parties that are directly and materially affected by the operation of the ERCOT Bulk Power System.

Committee Structure

The RSC is a balanced committee comprised of representatives of the eight Texas RE Segments – the ERCOT ISO and the seven (7) ERCOT Market Participant Segments (Independent Generators, Investor-Owned Utilities, Independent Power Marketers, Retail Electric Providers, Municipally-Owned Utilities, Cooperatives, and Consumers), to provide balanced decision-making and due process for Regional Standards and Regional Variances.

Membership

For the purposes of establishing a quorum and voting on any SAR requesting Urgent Action, the RSC shall elect (2) two Standing Representatives from each Texas RE Segment elected or appointed by the voting members of the respective Texas RE Segment, with the exception of the Consumer Segment and the ERCOT ISO. The Consumer Segment shall consist of three (3) sub-segments (Residential, Commercial, and Industrial), each with one (1) Standing Representative. The ERCOT ISO shall have one (1) Standing Representative, for an overall total of sixteen (16) Standing Representatives.

RSC nomination Process:

The Reliability Standards Manager (RSM) shall facilitate the election or the replacement of a RSC Standing Representative from the applicable Texas RE Segment.

RSC Standing Representatives shall be appointed or elected annually by the members of their respective Texas RE Segments in December of each year for service in the following calendar year. The term for all RSC Standing Representatives shall be one year. Any RSC Standing Representative may be reappointed or reelected for consecutive terms, without limitation. A vacancy shall be filled by the same means used to elect or appoint the previous RSC Standing Representative. No Entity shall participate in more than one Texas RE Segment of the RSC. The Representatives of the RSC shall elect from amongst themselves a Chair and Vice-chair subject to approval by the Texas RE Board of Directors (BOD). The final list of the RSC Standing Representatives will be posted on the Texas Regional Entity (RE) website.

RSC Procedures and Process Timeline

The following details RSC activities and process timeline for addressing SARs as defined in Exhibit C of the Delegation Agreement between NERC and Texas RE approved on April 19, 2007, per FERC Approved Delegation Agreement.

1. Upon receiving an adequately completed SAR, the RSC shall discuss the SAR at the next scheduled meeting. The RSC may, in its sole discretion, expand or narrow the scope of the SAR under consideration and shall prioritize the development of SARs as may be required based on the number of SARs under development at any time.
2. Within 60 days of receipt of an adequately completed SAR, the RSC shall determine the disposition of the SAR and post the SAR for review and possible comments.
3. The RSC may reject, remand or recommend the SAR by motion and voting methodology indicated later in this procedure.
4. A rejected SAR will be delivered to its Originator with a written explanation, within 30 days of the decision.
5. A remanded SAR will go back to the Originator for additional work. The Texas RE RSM will make reasonable efforts to assist the Originator in addressing the deficiencies identified by the RSC. 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 RSC.
6. Upon acceptance of a SAR for development of a Regional Standard (or modification or deletion of an existing Regional Standard), the RSC shall direct the RSM to post the SAR and the related documents for public viewing on the Texas RE website. The RSC shall also direct the ERCOT Reliability and Operations Subcommittee (ROS) to assemble a qualified balanced slate for the Standard Drafting Team (SDT).
7. Following the approval of the SDT by the ROS, the RSC will declare a preliminary date on which the SDT is expected to have a completed draft Regional Standard and associated supporting documentation available for consideration by the Registered Ballot Body.
8. The RSC is to verify all the work completed by the SDT to ensure that it meets the requirements of the proposed Regional Standard and is consistent with the SAR on which it was developed.
9. At the direction from the RSC, the RSM then facilitates the posting of the draft Regional Standard on the Texas RE website, along with a draft implementation plan and supporting documents, for a 30-day comment period.
10. The RSC may, at any time, exercise its authority over the Standards Development Process by directing the SDT to move to Step 4 of the Texas Regional Entity Standards Development Process and post the current work product for public comment. If there are competing drafts, the RSC may, at its sole discretion, have posted the version(s) of the draft Regional Standard for comment on the Texas RE website. The RSC may take this step at any time after a SDT has been commissioned to develop the Regional Standard.

11. Upon recommendation of the SDT, and if the RSC concurs that all of the requirements for development of the Regional Standard have been met, the RSM shall post the proposed Regional Standard and implementation plan for ballot on the Texas RE website and shall announce the vote of Texas RE Segments on whether to approve the Regional Standard, including when the vote will be conducted and the method for voting.
12. Depending on the Texas RE Segment voting result, the RSC may take various actions as stated at Steps 6A and 6B of the Texas RE Standards Development Process.

As a summary:

- Segment Vote \geq 4.83 affirmative (2/3 of 7.25): The RSC will forward the draft Regional Standard and the supporting documents to the Texas RE BOD
- Segment Vote $<$ 4.83 affirmative (2/3 of 7.25): The RSC may:
 - ❖ Revise the SAR and remand the development work back to the original SDT or a newly appointed SDT for further work. This may require a second comment period and a second voting period.
 - ❖ Direct the existing SDT to modify certain aspects of the draft Standard and/or implementation plan. This may require a second comment period and a second voting period.
 - ❖ Recommend termination of all work on the development of the Regional Standard action under consideration and notify the Texas RE BOD.

In any case, the RSC may refer the draft Standard and implementation plan to the Texas RE BOD. The RSC may also submit an assessment, opinion, and recommendations to the Texas RE BOD.

Regional Variances

Regional Variance(s) to NERC Reliability Standards may be developed using the Texas RE Standards Development Process. The RSC shall follow the same process in the development of these variances as for the development of a Regional Standard. Once a variance has been developed it shall be submitted to NERC for approval and for inclusion in the appropriate NERC Reliability Standard(s).

Urgent Action

Under certain conditions, the Standing Representatives of the RSC may vote to designate a proposed Regional Standard or revision to a Regional Standard, or development of a Regional Variance to a NERC Reliability Standard as requiring urgent action. The process for obtaining an ERCOT Regional Variance to a NERC Reliability Standard shall be the same as the process for obtaining a Regional Standard. Throughout this document, where the term Regional

Standard is used, the same process will be applied to a Regional Variance. Urgent action may be appropriate when a delay in implementing a proposed Regional Standard or revision could materially impact reliability of the ERCOT Bulk Power System. The RSC 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. To initiate a request for urgent action for a SAR, a requester shall prepare the SAR and a draft of the proposed Regional Standard and submit both to the RSM. The SAR must include a justification for urgent action. The RSM will submit the request to the RSC for its consideration. If the Standing Representatives of the RSC approve urgent action for the requested standard or revision, then the RSM shall immediately post the draft for pre-ballot review and public comment. This posting requires a minimum 30-day posting period before the ballot and applies the same voting procedure as detailed in Step 6 of the Texas RE Standards Development Process.

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

Urgent actions that expire may be renewed using the urgent action process again, in the event a permanent Regional Standard is not adopted. In determining whether to authorize an urgent action Regional Standard for a renewal ballot, the RSC shall consider the impact of the Regional Standard on the reliability of the Bulk Power System and whether expeditious progress is being made toward a permanent replacement Regional Standard. The RSC shall not authorize a renewal ballot if there is insufficient progress toward adopting a permanent replacement Regional Standard or if the RSC 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, NERC, and FERC. Any person or entity, including the SDT working on a permanent replacement Regional Standard, may at any time submit a standard request proposing that an urgent action Regional Standard become a permanent standard by following the normal Texas RE Standards Development Process.

RSC Voting

A representative from each Voting Entity who is present at the meeting may participate in a vote. Voting by phone is not allowed.

In order to take action, the RSC must reach a quorum. In addition, at least one Voting Entity from six (6) of the eight (8) Texas RE Segments must be present to constitute a quorum. Each ERCOT Market Participant Segment shall have one (1) Segment Vote. The ERCOT ISO shall have 1/4 vote.

Except for the Consumer Segment, each ERCOT Market Participant Segment with multiple Voting Entities participating in the vote shall receive an equal fraction of each ERCOT Market

Participant Segment's Vote. For each ERCOT Market Participant Segment with a single Voting Entity participating in the vote, that Voting Entity shall receive the total ERCOT Market Participant Segment's Vote.

The Consumer Segment vote shall be divided into three sub-segments (Residential, Commercial, and Industrial) that receive one third of the Consumer Segment Vote. If no Voting Entity from a Consumer sub-segment is present; such sub-segment's fractional vote is allocated equally to the participating sub-segment(s). If a Voting Entity from a sub-segment abstains from a vote, the fraction of the Consumer Segment Vote allocated to such Voting Entity is not included in the vote tally.

Entities entitled to vote (Voting Entities) are the ERCOT ISO, the Office of Public Utility Counsel, and ERCOT Corporate Members, ERCOT Associate Members, and ERCOT Adjunct Members. In the event that a representative of any other Voting Segment abstains from a vote, the Segment Vote is allocated among the members casting a vote within the segment; except for the Consumer Segment.

E-Mail Voting:

In matters determined by the RSC Chair to require an urgent action prior to the next meeting, the RSC Chair may call a vote via electronic mail (e-mail vote) of the RSC Standing Representatives to make an urgency determination. Such an urgency e-mail vote is permitted provided a notification is distributed to the RSC Standing Representative list that includes a detailed description of the issue or proposition and accompanied by supporting documentation. For such urgency e-mail votes, a quorum of Standing Representatives must participate in the vote.

Meetings

Meetings of the RSC shall be open to all interested parties. The RSC shall hold meetings as needed and may use conference calls for discussions. The agenda including the background materials will be posted on the Texas RE website in addition to being distributed to the RSC Standing Representatives and other interested parties.

Chair and Vice-chair

The Standing Representatives of the RSC shall elect a Chair and Vice-chair from the RSC's standing membership for a term of one (1) year on a calendar year basis. The Chair and Vice-chair shall be confirmed by the Texas RE BOD. The Chair shall be responsible for setting the agenda and presiding over meetings. The Vice-chair shall act as Chair at the RSC meetings in the absence of the Chair.