

SECTION 500 — ORGANIZATION REGISTRATION AND CERTIFICATION

501. Scope of the Organization Registration and Certification Program

The purpose of the compliance registry is to clearly identify those entities that are responsible for compliance with reliability standards. Organizations listed on the registry are responsible for knowing the content of and for complying with the NERC reliability standards. Organizations listed in the registry are not, nor do they become, members of NERC, a Regional Entity, or a regional reliability organization by virtue of being listed in the compliance registry. Membership in NERC is governed by Article II of NERC's bylaws; membership in a Regional Entity or regional reliability organization is governed by that entity's bylaws or rules.

The purpose of the certification program is to ensure that the new entity (i.e., applicant to be an RC, BA, or TOP and is not already operating as the function it is applying to be certified as) has the tools, processes, training, and procedures to become certified and then operational.

Organization registration and certification may be delegated to regional entities in accordance with the procedures in this Section 500, the NERC *Organization Registration and Certification Manual*, which is incorporated into these rules as Appendix 5, and approved Regional Entity delegation agreements or other agreements.

1. **Compliance Registry** — NERC shall establish and maintain a compliance registry of the bulk power system owners, operators, and users that are subject to approved reliability standards.

- 1.1 (a) The registry shall set forth the identity and functions performed for each organization responsible for meeting requirements/sub-requirements of the reliability standards including: Reliability Coordinators, Balancing Authorities, Transmission Operators, Transmission Owners, Generator Operators, Generator Owners, Transmission Service Providers, Planning Authorities, Transmission Planners, Resource Planners, Load-serving Entities, Purchasing-selling Entities, Interchange Authorities, Resource Sharing Groups, and Distribution Providers. Bulk power system owners, operators, and users shall provide to NERC and the applicable Regional Entity information necessary to complete the registration.

- (b) A generation or transmission cooperative, a joint-action agency or another organization may register as a ¹Joint Registration Organization (JRO), in lieu of each of the JRO's members or related entities being

¹ For purpose of Section 501.1(b) and Section 507, a "related entity" is an entity whose operations in relation to the operation of the JRO make it feasible for the JRO to accept responsibility for reliability functions for which the related entity would otherwise be responsible.

registered individually for one or more functions. Refer to Section 507;

(c) Entities may register as a Coordinated Functional Registration (CFR) where parties agree, in writing, upon a division of compliance responsibility among them for one or more reliability standard(s) and/or for one or more requirements/sub-requirements within particular reliability standard(s) applicable to a particular function. Refer to Section 508.

1.2 In the development of the compliance registry, NERC and the regional entities shall consider the following factors in determining which organizations should be placed in the registry:

1.2.1 Owners, operators and/or users of the bulk power system will generally be included in the registry. The bulk power system includes, as defined by the Regional Entity, the electrical generation resources, transmission lines, interconnections with neighboring systems, and associated equipment, generally operated at voltages of 100 kV or higher. Radial transmission facilities serving only load with one transmission source are generally not included in this definition;

1.2.2 A customer that receives electric service at retail and does not otherwise directly receive, sell, purchase, or transmit power over the bulk power system or own, operate, maintain, or control facilities or systems that are part of the bulk power system will not, in general, be considered a user of the bulk power system, unless the entity's actions or facilities have impact on the bulk power system;

1.2.3 An entity directly connected to the bulk power system selling, purchasing, or transmitting electric energy over the bulk power system will generally be considered a user of the bulk power system, unless the entity's actions or facilities have no material impact on the bulk power system;

1.2.4 Notwithstanding the other considerations in this Section 1.2, if the consequences of an entity's actions or inactions could have a material impact on the bulk power system, that entity may be considered a user of the bulk power system;

1.2.5 Further guidance for registration criteria may be found in the NERC *Statement of Compliance Registry Criteria* document.

1.3 NERC and the regional entities shall use the following rules for establishing and maintaining the compliance registry based on the registration criteria as identified by NERC:

- 1.3.1 NERC shall notify each organization that it is on the compliance registry.
 - The entity is responsible for compliance with the standards applicable to the functions for which it is registered from the time it receives the registration notification from NERC.
- 1.3.2 Any organization receiving such a notice may challenge its placement on the compliance registry according to the process in Appendix 5 *Organization Registration and Certification Manual* Section V.
- 1.3.3 The Compliance Committee of the Board of Trustees shall promptly issue a written decision on the challenge, including the reasons for the decision.
- 1.3.4 The decision of the Compliance Committee of the Board of Trustees shall be final unless, within 21 days of the date of the Compliance Committee of the Board of Trustees decision, the organization appeals the decision to the applicable governmental authority.
- 1.3.5 Each entity identified in the registry shall notify its corresponding Regional Entity(s) of any corrections, revisions, deletions, changes in ownership, corporate structure, or similar matters that affect the entity's responsibilities with respect to the reliability standards. Failure to notify will not relieve the entity from any responsibility to comply with the reliability standards or shield it from any penalties or sanctions associated with failing to comply with such standards.
- 1.4 For all geographical or electrical areas of the bulk power system, the registration process shall ensure that (1) no areas are lacking any entities to perform the duties and tasks identified in and required by the reliability standards to the fullest extent practical, and (2) there is no unnecessary duplication of such coverage or of required oversight of such coverage. In particular the process shall:
 - 1.4.1 Ensure that all areas are under the oversight of one and only one reliability coordinator.
 - 1.4.2 Ensure that all balancing authorities and transmission operator entities² are under the responsibility of one and only one reliability coordinator.

² Some organizations perform the listed functions (e.g., balancing authority, transmission operator) over areas that transcend the footprints of

- 1.4.3 Ensure that all transmission elements of the bulk power system are the responsibility and under the control of one and only one transmission planner, planning authority, and transmission operator.
 - 1.4.4 Ensure that all loads and generators are under the responsibility and control of one and only one balancing authority.
- 1.5 NERC shall maintain the compliance registry of organizations responsible for meeting the requirements/sub-requirements of the reliability standards currently in effect on its Web site and shall update the compliance registry monthly.
- 2. **Entity Certification** — NERC shall provide for certification of all entities with primary reliability responsibilities requiring certification as established in the NERC certification process. The NERC program shall:
 - 2.1 Evaluate and certify the competency of entities performing reliability functions. The entities presently expected to be certified include Reliability Coordinators, Transmission Operators, and Balancing Authorities. Other entities may be added, as required.
 - 2.2 Evaluate and certify each applicant's ability to meet the requirements established by the NERC certification process identified in section 2.1.
 - 2.3 Maintain process documentation.
 - 2.4 Maintain records of currently certified entities.
 - 2.5 Issue a certification document to the applicant that successfully demonstrates its competency to perform the evaluated functions.
- 3. **Delegation and Oversight**
 - 3.1 NERC may delegate the responsibilities of organization registration and certification to regional entities in accordance with requirements established by NERC. Delegation will be via the delegation agreement between NERC and the Regional Entity or other applicable agreement. The Regional Entity shall administer an organization registration and certification program to meet NERC's program goals and requirements.
 - 3.2 NERC shall develop and maintain a plan to ensure the continuity of organization registration and certification within the geographic or electrical boundaries of a Regional Entity in the event that no entity is

functioning as a Regional Entity for that region, or the Regional Entity withdraws as a Regional Entity, or does not operate its organization registration and certification program in accordance with delegation agreements.

- 3.3 NERC shall develop and maintain a program to monitor and oversee the NERC Organization Registration and Certification program activities that are delegated to each Regional Entity' through a delegation agreement or other applicable agreement.

- 3.3.1 This program shall monitor whether the Regional Entity carries out those delegated activities in accordance with NERC requirements, and whether there is consistency, fairness of administration, and comparability.

- 3.3.2 Monitoring and oversight shall be accomplished through direct participation in the organization certification process and periodic reviews of program documents and records.

502. Organization Registration and Certification Program Requirements

- 1. NERC shall maintain the organization registration and certification program.
 - 1.1 The roles and authority of regional entities in the program are delegated from NERC pursuant to the rules of procedure through regional delegation agreements or other applicable agreements.
 - 1.2 Processes for the program shall be administered by NERC and the regional entities. Materials that each Regional Entity uses are subject to review and approval by NERC.
 - 1.3 The appeals process for the registration and certification process is identified in Appendix 5 *Organization Registration and Certification Manual*.
 - 1.4 The certification team membership is identified in Appendix 5 *Organization Registration and Certification Manual*.
- 2. To ensure consistency and fairness of the registration and certification program, NERC shall develop procedures to be used by all regional entities and NERC in accordance with the following criteria:
 - 2.1 NERC and the regional entities shall have data management processes and procedures that provide for confidentiality, integrity, and retention of data and information collected.
 - 2.2 Documentation used to substantiate the Regional Entity(s) / NERC conclusions related to registration and/or certification must be retained by

the region/lead region for (6) six years, unless a different retention period is otherwise identified, for the purposes of future audits of these programs.

- 2.3 To maintain the integrity of the NERC Organization Registration and Certification Program, NERC, regional entities, certification team members, program audit team members (section 506), and committee members shall maintain the confidentiality of information provided by an applicant or entities.
 - 2.3.1 NERC and the regional entities shall have appropriate codes of conduct and confidentiality agreements for staff, certification team, certification related committees, and certification program audit team members.
 - 2.3.2 Staff, certification team, certification related committees, and registration and certification program audit team members shall maintain the confidentiality of any registration or certification-related discussions or documents designated as confidential (see Section 1500 for types of confidential information). Staff, certification team, certification related committees, and certification program audit team members shall treat as confidential the individual comments expressed during evaluations, program audits and report-drafting sessions.
 - 2.3.3 Copies of notes, draft reports, and other interim documents developed or used during an entity certification evaluation or program audit shall be destroyed after the public posting of a final, uncontested report.
 - 2.3.4 Information deemed by an applicant, entity, a Regional Entity, or NERC as confidential or critical energy infrastructure information, shall not be released publicly or distributed outside of a committee or team.
 - 2.3.5 In the event that a staff, certification team, certification related committees, and registration and certification program audit team members violates any of the confidentiality rules set forth above, the staff, committee, or audit team member and any member organization with which the individual is associated will be subject to immediate dismissal from the audit team and may be prohibited from future participation in compliance program activities by the Regional Entity or NERC.
 - 2.3.6 NERC shall develop and provide training in auditing skills to all individuals prior to participating in certification evaluations. Training for certification team leaders shall be more comprehensive than training given to industry experts, Regional

Entity members, and volunteers. Training for Regional Entity members and volunteers may be delegated to the Regional Entity.

- 2.4 An applicant that is determined to be competent to perform a function after completing all certification requirements shall be deemed certified by NERC to perform that function that it has demonstrated full competency.

- 2.4.1 All NERC Certified entities shall be included on the NERC Compliance Registry.

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

- 1. **Delegation** — Recognizing the Regional Entity’s knowledge of and experience with their members, NERC may delegate responsibility for organization registration and certification to the Regional Entity through a delegation agreement or another applicable agreement.
- 2. **Registration** — The following organization registration activities shall be managed by the Regional Entity per the NERC *Organization Registration and Certification manual*, which is incorporated into the Rules of Procedure as Appendix 5 *Organization Registration and Certification Manual*.
 - 2.1 Entities seeking registration shall contact the Regional Entity(ies) in which they operate to become registered and, if necessary, certified.
 - 2.2 Regional entities shall verify that all Reliability Coordinators, Balancing Authorities, and Transmission Operators meet the registration requirements of section 1.4
 - 2.3 Regional entities shall verify that no geographical or electrical areas of the bulk power system within their boundaries have duplication of coverage or are lacking an entity responsible for meeting the requirements in the reliability standards.
- 3. **Certification** — The following organization certification activities shall be managed by the Regional Entity in accordance with an approved delegation agreement or another applicable agreement:
 - 3.1 An entity seeking certification to perform one of the functions requiring certification shall contact the Regional Entity for the region(s) in which it plans to operate to apply for certification.
 - 3.2 An entity seeking certification and other affected entities shall provide all information and data requested by NERC or the Regional Entity to conduct the certification process.

- 3.3 Regional entities shall notify NERC of all certification applicants.
- 3.4 NERC and/or the Regional Entity shall evaluate the competency of entities requiring certification to meet the NERC certification requirements.
- 3.5 NERC or the Regional Entity shall establish certification procedures to include evaluation processes, schedules and deadlines, expectations of the applicants and all entities participating in the evaluation and certification processes, and requirements for certification team members.
 - 3.4.1 The NERC / Regional Entity certification procedures will include provisions for on-site visits to the applicant's facilities to review the data collected through questionnaires, interviewing the operations and management personnel, inspecting the facilities and equipment (including requesting a demonstration of all tools identified in the certification process), reviewing all necessary documents and data (including all agreements, processes, and procedures identified in the certification process), reviewing certification documents and projected system operator work schedules, and reviewing any additional documentation needed to support the completed questionnaire or inquiries arising during the site visit.
 - 3.4.2 The NERC/ Regional Entity certification procedures will provide for preparation of a written report by the certification team, detailing any deficiencies that must be resolved prior to granting certification, along with any other recommendations for consideration by the applicant, entity, the Regional Entity, or NERC.

504. Appeals

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

505. Program Maintenance

NERC shall maintain its program materials, including such manuals or other documents as it deems necessary, of the governing policies and procedures of the organization

registration and certification program.

506. Independent Audit of NERC Organization Registration and Certification Program

1. NERC, through the Compliance and Certification Committee, shall provide for an independent audit of its organization registration and certification program at least once every three years, or more frequently, as determined by the board. The audit shall be conducted by independent expert auditors as selected by the board.
2. The audit shall evaluate the success and effectiveness of the NERC organization registration and certification program in achieving its mission.
3. The final report shall be posted by NERC for public viewing according to the reporting and disclosure process in Section 408.
4. If the audit report includes recommendations to improve the program, the administrators of the program shall provide a written response to the board within 30 days of the final report, detailing the disposition of each and every recommendation, including an explanation of the reasons for rejecting a recommendation and an implementation plan for the recommendations accepted.

507. Provisions Relating to Joint Registration Organizations

1. **Registration by Joint Registration Organizations³ (JRO).** In addition to registering as the entity responsible for all functions that it performs itself, an entity may register as a JRO on behalf of one or more of its members or related entities for one or more functions to which such members or related entities would otherwise be required to register and, thereby, accept on behalf of such members or related entities all compliance responsibility for all requirements/sub-requirements of reliability standards applicable to that function or those functions including reporting requirements. Any entity seeking to register as a JRO must have a written agreement in place for any or all requirements/sub-requirements identified in the reliability standards that would otherwise be the responsibility of one or more of its members or related entities. Neither NERC nor the Regional Entity shall be parties to any such agreement, nor shall NERC or the Regional Entity have responsibility for reviewing or approving any such agreement, other than to verify that the agreement provides for an allocation or assignment of responsibilities consistent with the JRO registration.
2. The JRO registration data must include the same registration information as a normal compliance registration entry. The JRO is responsible for providing all of the information and data, including submitting reports, as needed by the Regional Entity for performing assessments of compliance.

³ For purpose of Section 501.1(b) and Section 507, a “related entity” is an entity whose operations in relation to the operation of the JRO make it feasible for the JRO to accept responsibility for reliability functions for which the related entity would otherwise be responsible.

3. The Regional Entity shall notify NERC of each JRO that the Regional Entity accepts. That notification will identify the Primary Compliance contact and the functions(s) being registered for on behalf of its members or related entities.
4. For purposes of compliance audits, the Regional Entity shall keep a list of all JROs. This document shall contain a list of that JRO's members or related entities and which function(s) the JRO is registered for that member(s) or related entity(s). It is the responsibility of the JRO to provide the Regional Entity this information as well as the applicable JRO agreement(s).
5. The Regional Entity may request clarification of any list submitted to it that identifies the members of the JRO and may request such additional information as the Regional Entity deems appropriate.
6. The Regional Entity's acceptance of that JRO shall be a representation by the Regional Entity to NERC that the Regional Entity has concluded the JRO will result in (1) no areas lacking any entities to meet the requirements/sub-requirements identified in the reliability standards, and (2) no unnecessary duplication of such coverage of areas by entities to meet the requirements/sub-requirements identified in the reliability standards or of required oversight of such coverage.
7. NERC shall maintain, and post on its Web site, a JRO registry listing all JRO registrations that have been reviewed and accepted by the Regional Entity. That posting shall identify the JRO entity taking compliance responsibilities for itself and its members.
8. The JRO is responsible for notifying the Regional Entity if any member of the JRO is either added, changed, or deleted from the JRO.
9. **Individual member registration.** Nothing in Section 507 shall preclude a member of a JRO, a related entity, or any other entity from registering on its own behalf and undertaking full compliance responsibility including reporting requirements for the reliability standards applicable to the function(s) for which the member or other entity is registering. A JRO member or related entity that registers as responsible for any reliability standard or requirement of a reliability standard shall inform the JRO of its registration.

508. Provisions Relating to Coordinated Functional Registration Entities

1. **Coordinated Functional Registration (CFR).** In addition to registering as an entity responsible for all functions that it performs itself, an entity may register with other entities as a CFR where parties agree, in writing, upon a division of compliance responsibility among them for one reliability standard(s) and/or for one or more requirements/sub-requirements within particular reliability standard(s) applicable to that specific function. The CFR submission must

include a written agreement that governs itself and clearly specifies the entities' respective compliance responsibilities. The registration of the CFR shall fully complete the registration of each entity for their responsibilities under the agreement. Additionally, each entity shall take full compliance responsibility for those standards and/or requirements/sub-requirements they have registered for in the CFR. Neither NERC nor the Regional Entity shall be parties to any such agreement, nor shall NERC or the Regional Entity have responsibility for reviewing or approving any such agreement, other than to verify that the agreement provides for an allocation or assignment of responsibilities consistent with the CFR.

2. Each CFR must identify a primary compliance contact (PCC). The PCC is responsible for providing all of the information and data, including submitting reports as needed by the Regional Entity for additional data needed for the CFR registration.
3. The Regional Entity shall notify NERC of each CFR that the Regional Entity accepts.
4. NERC or the Regional Entity may request clarification of any list submitted to it that identifies the compliance responsibilities of the CFR and may request such additional information as NERC or the Regional Entity deems appropriate.
5. The Regional Entity's acceptance of that CFR shall be a representation by the Regional Entity to NERC that the Regional Entity has concluded the CFR will result in (1) no areas lacking any entities to meet the requirements/sub-requirements identified in the reliability standards, and (2) no unnecessary duplication of such coverage of areas by entities to meet the requirements/sub-requirements identified in the reliability standards or of required oversight of such coverage.
6. NERC shall maintain, and post on its Web site, a CFR registry listing all CFR registrations that have been accepted by NERC or by a Regional Entity. That posting shall clearly list all the reliability standards or requirements/sub-requirements thereof for which each entity of the CFR is responsible for under the CFR. Such postings are intended to enable Reliability Coordinators and other system operators to be fully aware of responsibilities and chains of command in order to respond quickly and decisively to system operation events and to which standard(s) and/or requirements/sub-requirements they are responsible for and to determine compliance accountability.
7. Annually following submission of a CFR, the PCC shall provide an up to date list of compliance responsibilities to the Regional Entity. Additionally, the PCC will provide an updated list each time an entity under the CFR changes compliance responsibilities, a new entity is added to the CFR, or each time that any compliance reliability reverts from the CFR. The Regional Entity shall promptly notify NERC of each such revision.

8. In the event of a violation of a reliability standard or of a requirement of a reliability standard for which an entity of a CFR is registered, that entity shall be identified in the notice of alleged violation and shall be assessed the sanction or penalty for the violation that they are registered for in accordance with the NERC Sanctions Guidelines. In the event a Regional Entity is not able to determine, based on the CFR registration and the annual or other revised list submitted by the POC, which entity(s) is responsible for a particular reliability standard, or requirement thereof that has been violated, the Regional Entity shall investigate the noncompliance in accordance with the NERC Rules of Procedure section 400 *Compliance Enforcement* to determine the entity(s) to issue the sanction or penalty for the violation.
9. **Individual entity registration.** Nothing in Section 508 shall preclude an entity registered in a CFR, or any other entity from registering on its own behalf and undertaking full compliance responsibility including reporting requirements for the reliability standards applicable to the function(s) for which the entity is registering. An entity registered in a CFR, that registers as responsible for any reliability standard or requirement of a reliability standard shall inform the POC of its registration.