

To the members of the MSPP Task Force,

APPA and TAPS appreciate the continuing efforts of the MSPP Task Force to engage stakeholders as it develops its final recommendations. At the November 19, 2025, stakeholder meeting in Atlanta, we voiced our concerns about the draft recommendation to combine Segment 3 - Load Serving Entities (LSEs) and Segment 4 – Transmission Dependent Utilities (TDUs). In response, Task Force member Brett Kruse indicated that the Task Force had gone back and forth on that recommendation and that additional written comments on this topic would be helpful.

As trade associations that represent TDUs, APPA and TAPS firmly oppose the draft recommendation to collapse the TDU and LSE segments. We urge the Task Force to reconsider this proposal, for the following reasons:

- **The proposal undercuts the purpose of segment-based weighted voting.** NERC’s weighted voting system aims to ensure that distinct interests have a distinct voice in balloting, consistent with broadly accepted ANSI principles. Any desire for simplification cannot override NERC’s obligation under the Federal Power Act and its governing documents to ensure a balance of interests. Collapsing nearly all industry participants into just three segments – TOs, LSEs/TDUs, and GOs/GOPs – does not sufficiently reflect the diversity of distinct interests in the electric power sector and will inhibit, rather than enhance, NERC’s ability to develop standards that fairly apply to the range of entities that must comply with them and effectively ensure reliability for the range of entities that rely on them.
- **TDUs have distinct interests and deserve a distinct voice in balloting.** TDUs are an essential part of the electric industry and make a significant contribution to NERC, including through their trade associations and participation in the Registered Ballot Body (RBB). There are several hundred TDUs across the United States, the vast majority of which are too small to be registered by NERC and lack capacity to join the RBB on their own. The subset of TDUs registered with NERC is unique in being primarily composed of small entities that depend on transmission-owning utilities while also being subject to compliance with NERC standards. Those TDUs pay both their own compliance bills and those of the TOs who they depend on. TDUs have thus long been recognized by NERC as having a distinct perspective from transmission-owning LSEs. Combining transmission-dependent TDUs with transmission-owning LSEs would diminish TDUs’ distinct voice. Especially for standards where TDUs and transmission-owning LSEs may have differing interests, enabling those groups to vote in separate segments is necessary to ensure balance. For example, TDUs may have differing views than transmission-owning LSEs with respect to future changes to UFLS requirements with which UFLS-DPs would need to comply.
- **The proposal is not adequately justified.** The RBB Task Force analyzed the issue of the overlap between Segments 3 and 4 and concluded after extensive discussion that the best way to address the overlap was *not* to combine the segments but instead clarify the definitions so that entities could participate in either Segment 3 or Segment 4 (but not both). The MSPP Task Force has not adequately supported its decision to go above and beyond the carefully considered recommendation of the RBB Task Force. The main justification for combining

the TDU/LSE segments is that 56% of TDUs are LSEs. But more than 70% of LSEs are also TOs. Overlap concerns cannot justify the Task Force's rejection of the RBB Task Force's recommendation to retain separate TDU and LSE segments but eliminate overlap.

- **Further process is necessary to build consensus on the path forward.** Two NERC Task Forces came to opposite conclusions within less than a year about whether to combine the TDU/LSE segments, and stakeholder comments on the proposal indicate there is currently no consensus on how to move forward. It would be a mistake for the Task Force to squander the goodwill and buy-in it has built for many of its recommended reforms by attempting to push through an inadequately vetted proposal with strong opposition.
- **There is no reason not to defer action.** The TDU/LSE segment change is not linked to the Task Force's other reforms, nor does it impact the overall speed or agility of the standard development process. Deferring action on the proposed consolidation of the TDU and LSE segments will allow for further conversation without preventing the Task Force from proceeding with other changes (including, e.g., changes to RTO segment weighting).

APPA and TAPS urge the Task Force to either (1) adopt the RBB Task Force recommendation to clarify the TDU and LSE segment eligibility, but not combine them, or (2) defer any changes to the TDU/LSE segment definitions and other controversial segment changes to enable consensus to be built on the path forward.

We welcome the opportunity to answer any further questions from Task Force members. For more detail and support, please also see our written comments on the Draft Recommendations.