

## MEMORANDUM

**TO:** Suzanne Keenan,  
Chair, NERC Board of Trustees

**FROM:** Roy Jones  
Scott Tomashefsky  
Tom Heller  
Colin Hansen

**DATE:** January 22, 2026

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The Sector 2 and 5 members of the North American Electric Reliability Corporation's (NERC) Members Representatives Committee (MRC), representing State/Municipal and Transmission Dependent Utilities (SM-TDUs), appreciate the opportunity to respond to your December 17, 2025, letter to the members of the MRC in which the NERC Board of Trustees (Board) requests MRC input on the draft 2027-2029 strategic priorities and goals (Draft Priorities). Your letter specifically requests a focus on whether the draft captures the top priorities for NERC as well as any considerations NERC should take into account regarding initiatives and metrics.

### *SUMMARY OF COMMENTS*

- NERC should add “affordability” as one of the 2027-2029 NERC priorities.
- As it implements changes to modernize the standards development process, NERC should: test certain elements of the process improvements on a trial basis; establish performance metrics; and leverage the expertise of the existing task force.
- We urge caution for any rollout of artificial intelligence (AI) technologies.
- NERC's continued efforts to improve stakeholder participation and engagement must retain balanced representation and should encourage in-person and hybrid meetings.
- NERC should better utilize the Reliability Issues Steering Committee (RISC).

### *SM-TDU COMMENTS*

#### **NERC should add “affordability” as one of the 2027-2029 NERC priorities.**

NERC serves an important role in maintaining the reliability of the electric grid and constantly must adapt to rapidly changing technologies and security risks. While we recognize that the expanding scope of NERC's work is necessary to maintain reliability, we recommend that NERC include affordability as a priority in the coming years and explore ways to defray costs. NERC fees continue increasing to meet its expanding portfolio of work, putting an ever-growing burden on industry, particularly among smaller members. While NERC should continue a risk-based approach to standards development that prioritizes reliability, we believe that affordability should

be considered as a weighted part of that risk assessment. We recognize that NERC is aware of this issue and encourage the prioritization of affordability in future NERC business considerations.

**As it implements changes to modernize the standards development process, NERC should (i) test certain elements of the process improvements on a trial basis, (ii) establish performance metrics, and (iii) leverage the expertise of the existing task force.**

SM-TDUs support a robust, industry-driven standard development process that can respond more quickly to emerging risks, and we look forward to working constructively with NERC on the Draft Priorities' goal of implementing recommendations to modernize the standards development process. We have three specific recommendations to facilitate achievement of this goal.

First, we urge NERC to test, on a trial basis, certain elements of the new process concurrently with the effort to formally implement the process changes. Practical experience with some of the changes will help identify potential bottlenecks or other issues that can be resolved before seeking regulatory approval of all the changes.

Second, we urge NERC to establish metrics to measure whether the process changes achieve the goals of reducing standard development timelines, increasing industry participation, ensuring balanced representation, and realizing an adequate level of reliability.

Third, we urge the Board to retain the Modernizing Standards Process and Procedures (MSPP) Task Force through implementation of the new process. The members of the Task Force have developed a detailed understanding of each recommended change to the standards development process, as well as the potential challenges that could arise. Those members are therefore a vital source of knowledge and expertise for NERC's implementation team. We recommend maintaining the Task Force (potentially as a working group or other body) until the proposed RISC Subcommittee is formed; doing so will provide an effective bridging mechanism with the expertise to identify and solve issues with the new process.

**We urge caution for any rollout of AI technologies.**

While we are not opposed to the use of AI, SM-TDUs believe any AI software should be proprietary and there should be clear guidelines for how NERC will use that technology. We appreciate that NERC has adopted the National Institute of Standards and Technology (NIST) AI Risk Management Framework, however we believe that NERC should develop its own guidelines for how AI will be used, circumstances in which AI will never be used, and who owns the responsibility for AI implementation. From a governance perspective, we encourage NERC staff and management to provide frequent updates to the Board and MRC on how AI is being used across the ERO Enterprise, the value it is producing, and the challenges that may emerge. High levels of transparency would help assuage potential industry concerns about AI usage at NERC and would encourage a collaborative environment for its implementation.

**NERC's continued efforts to improve stakeholder participation and engagement must retain balanced representation and should encourage in-person and hybrid meetings.**

Industry participation has been an integral part of NERC's success since its inception, and we appreciate that NERC continues prioritizing finding new ways to inform and encourage participation. Leveraging new media and technologies to increase the footprint of NERC's communications is essential to broadening participation from industry. We urge caution for any "redesign [...] to NERC membership" that is mentioned in the Draft Priorities—any changes that are made to sectors or segments must take into account the balance of interests and representation across industry. To this end, we encourage NERC to share metrics about segment and sector participation with the end goal of tracking whether new modes of outreach result in improved participation.

To further encourage active participation, we urge NERC to host more in-person and hybrid meetings. Virtual meetings are effective at disseminating information, but technical problems and the lack of ability to communicate between sessions severely limit collaboration and the sharing of observers' thoughts with NERC staff and other attendees. In-person meetings should always offer a virtual option for those unable to travel but who are interested in the proceedings, even if the virtual option does not allow for full participation by those virtual attendees. If a meeting is held virtually, it should allow full participation for everyone who chooses to attend to maximize active engagement between NERC staff and industry.

#### **NERC should better utilize the RISC.**

The RISC is a valuable standing committee with incredible expertise and experience. SM-TDUs believe that NERC is not fully utilizing the RISC's capabilities. Although it has a broad charter, the RISC's work in recent years has mainly focused on three items: the Emerging Risks Survey, the Reliability Summit, and the RISC Report. While these items are valuable to industry, we are concerned that the RISC has limited opportunities to provide input on how its deliverables are used after publication. We have several suggestions for areas in which the RISC could be engaged more fully.

First, the RISC should have input on how the RISC Report is used by the Reliability and Security Technical Committee (RSTC) in developing the annual RSTC workplan. This would create a feedback loop between the RISC and RSTC that would facilitate a higher quality workplan that fully captures the nuances of the RISC Report.

Second, the RISC—being an existing standing committee—should be consulted in helping address reliability risks and new challenges as they arise. Before forming a new taskforce or working group, NERC should consult with the RISC to determine whether it has the capability to conduct the work itself (i.e., preempting the need to establish a new taskforce or working group) or whether it can provide oversight and support for the new taskforce/working group.

Given that the MSPP Task Force is recommending that the RISC provide oversight of the new standards subcommittee, the time is ripe to consider other ways in which the RISC's expertise and experience can be leveraged.