

MEMORANDUM

TO: Suzanne Keenan,
Chair, NERC Board of Trustees

FROM: Roy Jones
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DATE: September 22, 2026

The Sector 2 and 5 members of the North American Electric Reliability Corporation's (NERC) Member Representatives Committee (MRC), representing State/Municipal and Transmission Dependent Utilities (SM-TDUs), appreciate the opportunity to respond to your September 2, 2026, letter requesting MRC input on reliability risks associated with large computational loads, the volunteer pipeline for NERC standing committees, and other matters for the NERC Board of Trustees' (Board) attention.

SM-TDUs support NERC's efforts to address emerging reliability risks and strengthen stakeholder participation. As these initiatives advance, NERC should remain engaged with industry to ensure transparency in the Modernization of Standards Processes and Procedures (MSPP) implementation that informs stakeholders on the details of the transition and preserves meaningful opportunities for stakeholder input.

Summary of Comments

- NERC should give highest priority to foundational performance requirements for large computational loads.
- NERC should explain how the next phase of computational large load standards will be developed during the transition to the new standards process.
- NERC should leverage trade associations and reduce entry barriers to strengthen the standing committee volunteer pipeline.
- Sectors 2 and 5 appreciate NERC's incorporation of stakeholder feedback into the proposed 2027 Business Plan and Budget and the Board's recognition of affordability concerns. We look forward to continued engagement on prioritization, affordability, and the pace of emerging initiatives.

SM-TDU Comments

NERC should give highest priority to foundational performance requirements for large computational loads.

Sectors 2 and 5 support NERC's expedited efforts to address the next phase of reliability risks associated with large computational loads. NERC and the stakeholders that volunteer their experts have already committed substantial time and resources to this work: the technical expertise reflected in the Large Loads Working Group, the first phase of reliability standards that was recently completed, the technical proposals to scope the next phase of standards, and the effort to register large loads. As NERC determines the sequence and timing of its next steps, it should prioritize these efforts over other, lower priority initiatives.

For the upcoming year, reliability standards addressing voltage and frequency ride-through, disturbance performance, and disturbance reporting should receive the highest priority. These foundational requirements are necessary to establish consistent and measurable performance expectations for computational loads and mitigate the risks that sudden load disruptions can pose to the bulk power system.

NERC should also consider requirements that limit the magnitude and ramp rates of load and voltage fluctuations. Such requirements could encourage large computational loads to install appropriate on-site dynamic support, such as battery energy storage systems, synchronous condensers, or other technologies capable of moderating rapid changes and supporting reliable system performance. Any resulting requirements should remain performance-based and allow entities appropriate flexibility to select the technologies and operating practices best suited to their facilities.

As NERC begins registering large loads, it should consider an implementation approach similar to the approach used for inverter-based resources. Continued outreach, workshops, implementation guidance, and training can help affected entities understand applicable requirements and promote consistent adoption of operating protocols and performance parameters. These efforts will be particularly important because many computational large load companies have limited experience with NERC registration, reliability standards, and compliance processes.

NERC should explain how the next phase of computational large load standards will be developed during the transition to the new standards process.

The next phase of computational large load reliability standards will be developed concurrently with NERC's implementation of the MSPP changes. NERC should clearly explain how the development of the next phase of computational large load reliability standards will interact with the transition from the current standards development process to the new MSPP process.

In particular, NERC should explain how existing stakeholder input opportunities will be preserved or replaced during the transition, including opportunities for technical review, written comment, and balloting, as applicable. This clarity is important because entities and stakeholder organizations are already investing substantial time and resources in these initiatives. A transparent transition plan would reduce uncertainty, help participants plan for future work, and support continued confidence that expedited action will not come at the expense of meaningful stakeholder participation.

NERC should leverage trade associations and reduce entry barriers to strengthen the standing committee volunteer pipeline.

NERC should make greater use of trade associations to identify, recruit, and develop candidates for standing committee service. Trade associations maintain broad industry networks and can connect NERC with qualified subject matter experts who may not otherwise engage in committee activities. Leveraging these organizations can strengthen succession planning, improve sector representation, and expand the overall volunteer pipeline without creating new governance structures.

NERC should also increase direct outreach to stakeholders and encourage industry leadership to support employee participation. NERC management has a variety of tools (e.g., emails to executives) that it can use to elevate the importance of the stakeholder volunteer model and encourage utilities to provide employees with the time and resources needed to participate. NERC management could also highlight the value of stakeholder volunteers' contributions by issuing certificates of appreciation, sending formal letters of thanks to utility CEOs, or recognizing exemplary service at board meetings. Volunteers could

then include these materials during internal performance reviews, thereby further incentivizing participation in NERC standing committees.

Finally, NERC should explore using its existing volunteer resources more deliberately and reducing barriers to new entry, particularly for small entities. Small entities have capacity to provide qualified volunteers, but practical barriers can make that capacity difficult to use. NERC can facilitate greater participation by providing clear and reasonable expectations regarding the time commitment associated with committee service, including meeting frequency, preparation requirements, travel expectations, and the anticipated duration of assignments. Additionally, to better use its existing volunteer resources, NERC should perform periodic reviews of its existing working groups and task forces and formally close them when their assigned work is complete, thereby freeing up members to support other priorities. Before establishing a new group, NERC should determine whether an existing committee or working group can evaluate or initially triage the issue. Volunteers should be engaged where their participation provides meaningful added value.

Sectors 2 and 5 appreciate NERC’s incorporation of stakeholder feedback into the proposed 2027 Business Plan and Budget and the Board’s recognition of affordability concerns. We look forward to continued engagement on prioritization, affordability, and the pace of emerging initiatives.

Sectors 2 and 5 appreciate NERC's efforts to incorporate our feedback into the proposed 2027 Business Plan and Budget and the Board’s recognition that affordability and cost considerations should remain part of NERC’s planning and prioritization. We support a disciplined, risk-based approach that focuses resources on activities providing the greatest reliability, resilience, and security benefit while remaining mindful of industry workload and implementation costs.

The recognition of affordability extends not just to NERC’s own administrative budget but also to the cost of complying with reliability standards. While NERC’s main priority should be reliability, it should use the MSPP transition to incorporate meaningful cost-benefit analysis into the standards development process.

In partnership with the Board, NERC, and the regions, the MRC has an opportunity to bring affordability in line with the core functions of NERC’s work, starting with the standards development and deployment process. When standards are developed or modified, NERC should fully consider: 1) the costs associated with industry responding to new reliability requirements, 2) whether a standard project will lead to vendors providing products and services to make entities compliant at costs above and beyond what is “just and reasonable” and how to mitigate those excesses, and 3) considering levels of residual risk as an alternative to mitigating a risk to zero. SM-TDUs are not against reducing reliability risks-- rather, as stewards of the communities we serve, we urge a thoughtful consideration of the costs these communities might bear when reviewing risk mitigation options.

We look forward to continued engagement with the Board and NERC staff regarding prioritization, affordability, and the pace of emerging initiatives. Continued transparency regarding how NERC evaluates competing priorities, expected benefits, costs, and cumulative stakeholder workload will help ensure that new work proceeds at a sustainable pace and remains focused on the most consequential reliability and security risks.

Conclusion

SM-TDUs appreciate the Board’s continued engagement with the MRC and the opportunity to provide input on these important initiatives. We support NERC’s efforts to address computational load risks,

strengthen the standing committee volunteer pipeline, and implement the 2027–2029 Strategic Priorities and Goals in a disciplined and affordable manner.

We look forward to continued collaboration with the Board, NERC management, NERC staff, the Regional Entities, and other industry stakeholders in support of our shared goal of assuring the reliability and security of the bulk power system.