

# **SERC Compliance Monitoring and Enforcement Program**

## **Implementation Procedure 2.0: Registration and Certification of Organizations Responsible for Complying with Reliability Standards**



## SERC CMEP Implementation Procedure 2.0: Registration and Certification of Organizations Responsible for Complying with Reliability Standards

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### Revision History

Revision	Date	Originator	Comments
0	May 31, 2007	K. Keels	Document Origination.
1	June 20, 2008	K. Keels	Added link to Registry Criteria; removed Criteria document as Appendix C; Other minor edits
2	November 20, 2008	J. Harrell	Reference Compliance Registry and Statement of Compliance Registry Criteria as being available on NERC and SERC Websites. Remove appendices A, B and C.
3	April 18, 2009	J. Carney B. Goss	Added more detail on registration and certification processes.

### Cross Reference Table

The procedures listed in the table below refer to this procedure, Compliance Implementation Procedure 2.0: Registration and Certification. As revisions are made to Procedure 2.0, the Originator should review the procedures listed to determine if corresponding changes to these procedures are warranted.

Procedure Number	Procedure Title
N/A	

### Responsible SERC Group(s)

SERC Manager of Compliance Enforcement  
SERC Manager of Compliance Audits

### Review and Re-Approval Requirements

This document will be reviewed every two years or as appropriate for possible revision. The existing or revised document will be re-approved by the SERC Board Compliance Committee (BCC), distributed by the Compliance Director to all applicable SERC staff, and posted on the website for Registered Entity and SERC Member reference.

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### **1.0 Purpose**

In accordance with the Federal Energy Regulatory Commission's Rules (18 CFR § 39.2(c)), "[e]ach user, owner and operator of the bulk-power system within the United States (other than Alaska and Hawaii) shall register with the Electric Reliability Organization and the Regional Entity for each region within which it uses, owns or operates bulk-power system facilities, in such manner as prescribed in the Rules of the Electric Reliability Organization and each applicable Regional Entity."

The NERC Rules of Procedure Section 500 lists the requirements of the Registration and Certification Program, outlines the key factors to consider in determining which organizations should be included in the registry, and at a high level describes the registration and certification process. In accordance with the Rules of Procedure Section 500 and the Regional Entity Delegation Agreements, Organization Registration and Certification is delegated to the Regional Entities by NERC.

Thus, SERC is responsible for Registration and Certification of users, owners and operators of the bulk-power system in the SERC region.

The purpose of this procedure is to outline the process by which SERC registers and certifies those organizations within its geographic footprint responsible for complying with the NERC Reliability Standards.

### **2.0 Responsibilities**

The following is a high-level overview of roles and responsibilities for the registration and certification processes:

#### **Entity**

1. Complete and submit registration and/or certification application.
2. Notify SERC of changes to registration and/or certification information as necessary and/or at the request of the SERC.
3. Respond to SERC and/or NERC questions pertaining to registration and/or certification.
4. Provide documentation or other evidence requested or required to substantiate registration.
5. Provide documentation or other evidence requested or required for certification of applicable functions.
6. Know the content of and comply with the NERC Reliability Standards and requirements applicable to the Registered Entity.

#### **SERC**

1. Ensure that all users, owners and operators of the bulk-power system that meet the requirements for inclusion on the Compliance Registry are registered. Certain function types may require certification.
2. Collect information on the bulk-power system and users, owners and operators of the bulk-power system in the SERC footprint.

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3. Identify entities for inclusion on the Compliance Registry and entities requiring certification.
4. Approve entity registration applications and changes in entity registration status.
5. Approve entity certification applications and changes in entity certification status.
6. Notify NERC of new and updated registrations.
7. Notify NERC of new and updated certifications.
8. Ensure that each entity that meets the criteria for inclusion in the Compliance Registry is assigned a Compliance Registry ID (NCRID) by NERC, which is used as the official identifier of Registered Entities, rather than the acronym referenced in the Rules of Procedure.
9. Ensure that to the fullest extent practical (1) no areas are lacking any entities to perform the duties and tasks identified in and required by the Reliability Standards, and (2) there is no duplication of such coverage or of required oversight of such coverage.

### **3.0 References**

- NERC Rules of Procedure Section 500 (ROP 500)
- NERC Statement of Compliance Registry Criteria
- Appendix 5 to the ROP (NERC Organization Registration and Certification Manual)
- SERC CMEP Section 2.0

### **4.0 Procedure Steps**

#### **4.1. Registration Overview**

Registration involves the identification of those entities responsible for complying with the Reliability Standards. Pursuant to the rules of the Federal Energy Regulatory Commission and Section 215 of the Federal Power Act, all users, owners and operators of the bulk-power system within the SERC regional footprint that meet NERC's Compliance Registration Criteria are required to register with SERC. All entities performing functions within the SERC regional footprint and meeting the criteria for registration as defined in the NERC Statement of Compliance Registry Criteria are to self register using forms and processes described on the SERC website ([www.serc1.org](http://www.serc1.org)), under the Compliance Registry tab. Bulk-power system owners, operators, and users are responsible for providing SERC the necessary information requested in the application form to complete their registration.

NERC and SERC have the obligation to identify and register all entities that meet the criteria for inclusion in the Compliance Registry if an entity does not self register. SERC relies on existing Transmission Owners, Balancing Authorities, Transmission Operators, Reliability Coordinators, and other Registered Entities to assist SERC in identifying users, owners and operators of the bulk power system for inclusion on the Compliance Registry. Once an entity has been identified for registration, SERC notifies the entity of SERC's intent to register the entity in the NERC Compliance Registry.

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NERC maintains the official Compliance Registry of the bulk-power system owners, operators, and users that are subject to compliance to approved Reliability Standards. For the convenience of its Registered Entities, SERC shall develop, maintain and post on its website a list of Registered Entities in the SERC region. Organizations listed on the Compliance Registry are responsible for knowing the content of and for complying with the NERC Reliability Standards and requirements applicable to the Registered Entity.

### 4.2. Initial Organization Registration Steps

1. Entities seeking to register should first review the requirements of the NERC Statement of Compliance Registry Criteria to determine if the entity meets the registration requirements.
2. Entities seeking to register should go to the Compliance Registry page of the public website ([www.serc1.org](http://www.serc1.org)) to access reference materials regarding the Compliance Registry and its development and implementation. This page includes the following links:
  - a. Current Listing of Registered Entities in the SERC Region
  - b. Organization Registration Application
  - c. NERC Statement of Compliance Registry Criteria

New organization registration applications are automatically sent to [serccomply@serc1.org](mailto:serccomply@serc1.org).

If an entity has any questions concerning the registration process, the entity should contact SERC Compliance Staff by email to [serccomply@serc1.org](mailto:serccomply@serc1.org).

3. Compliance Staff receives the submittal and provides an acknowledgement of receipt, via email, to the Registered Entity confirming the application has been received.
4. Compliance Staff will review the application and determine if the entity is within SERC or if it spans more than one region. For applicants that span multiple regional entities, SERC will work with NERC and the other applicable Regional Entity(ies) to coordinate the registration
5. Compliance Staff will review the application and verify that the entity is properly registering in accordance with the current version of the NERC Statement of Compliance Registry Criteria. In addition, Compliance Staff shall:
  - a. Verify that Balancing Authorities are under the responsibility of one and only one Reliability Coordinator.
  - b. Verify that all Transmission Operators are under the responsibility of one and only one Reliability Coordinator.

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- c. Verify that all transmission elements of the bulk-power system are the responsibility of and under the control of one and only one Transmission Planner, Planning Authority, and Transmission Operator.
  - d. Verify that each Generator Owner is affiliated with a Generator Operator.
  - e. Verify that each Transmission Owner is affiliated with a Transmission Operator.
6. Compliance Staff will review any deficiencies in the information provided by the submitting entity. SERC may require revisions or additional information to determine if the entity meets the criteria for inclusion in the Compliance Registry as set forth in the NERC Statement of Compliance Registry Criteria.
7. Once the Compliance Staff has received all relevant information and has confirmed the application, the Compliance Staff will review the application with the Compliance manager responsible for organization registration and certification.
8. The Compliance manager responsible for organization registration will approve the determination of the function(s) for which the entity is responsible. The approved registration will be entered in the SERC registration database and the SERC Portal database will be updated with the new registry information.
9. Assigned Compliance Staff will provide the registration information to NERC for inclusion in the Compliance Registry via email to [complianceregistry@nerc.net](mailto:complianceregistry@nerc.net) using the forms provided by NERC.
10. NERC will issue a certified letter to the Registered Entity advising the Registered Entity of its inclusion in the Compliance Registry, its responsibilities as a Registered Entity, and the Registered Entity's rights to appeal the registration status. NERC will place the Registered Entity in the Compliance Registry and will log the effective date of registration in its database.
11. SERC maintains a copy of the current list of SERC Registered Entities on the Compliance Registry page of the public website.

### **4.3. Changes to Entity Registration**

Each Registered Entity listed in the Compliance Registry shall notify SERC of any changes in functions for which it is responsible, including changes in ownership, corporate structure, contact information, bulk-power system assets owned or operated, or similar matters that affect the entity's responsibilities with respect to the Reliability Standards. To request a change to its Compliance Registry status, the Registered Entity should request a copy of its registration information using the Request a Copy of Your Registration Information form located on the Compliance Registry page of the SERC public website. Instructions for providing updated information are included within the SERC provided copy of the entity's registration information upon the entity's submittal of the information request. The Registered Entity shall provide SERC with a

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detailed explanation of the basis for the entity's change request, including evidence supporting the entity's position.

At any time, an entity may recommend in writing, with supporting documentation, to the Compliance manager responsible for organization registration, that another organization be added to or removed from the Compliance Registry or that a change be made to a functional responsibility of an existing Registered Entity. SERC staff may also initiate a change in the Compliance Registry at any time a user, owner or operator of the bulk-power system is identified as meeting the requirements for registration. The Compliance Registry is dynamic and will be revised as necessary to take into account changing circumstances. SERC will take such recommendations, and other applicable information, under advisement as it determines whether a Registered Entity's registration status should be revised or if a user, owner or operator of the bulk-power system should be added to the Compliance Registry.

SERC Compliance Staff and the Compliance manager responsible for organization registration will utilize the criteria set forth in the NERC Statement of Compliance Registry Criteria to determine whether to make a change to the Compliance Registry.

### **4.4. Registration Steps for a Joint Registration Organization (JRO)**

#### **1. Registration by a JRO on Behalf of Members (Type 1 JRO)**

Section 507 of the NERC Rules of Procedure states that, in addition to registering as the entity responsible for all functions that a JRO performs itself, a JRO may register on behalf of one or more of its members or related entities for one or more functions as 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, including reporting requirements, for all requirements of Reliability Standards applicable to the function or functions for which the JRO has registered on behalf of its members or related entities. Any entity seeking to register as a Type 1 JRO for any or all requirements identified in the Reliability Standards that would otherwise be the responsibility of one or more of its members or related entities shall provide to SERC information, using the JRO form posted on the SERC web site under the Compliance Registry tab, sufficient to identify whether the entity or its member(s) or related entities will be responsible for compliance with each provision of the Reliability Standards for the applicable functional responsibilities covered by the joint registration. The Type 1 JRO shall identify each member entity for which it is accepting compliance responsibility and whether such entity would otherwise meet the criteria for inclusion on the Compliance Registry if not otherwise covered by the Type 1 JRO entity. The Type 1 JRO must identify its primary compliance contact. The Type 1 JRO primary compliance contact is responsible for ensuring that the entity submits all of the information and data, including submitting reports, as needed by SERC for performing assessments of compliance.

#### **2. Joint Registration Pursuant to a Written Agreement (Type 2 JRO)**

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Pursuant to Section 507, paragraph 2, of the NERC Rules of Procedure, where a JRO and any of its members or related entities agree, in writing, upon a division of compliance responsibility among them for one or more Reliability Standard(s) applicable to a particular function, and/or for one or more requirements within particular Reliability Standard(s), both the JRO and such member(s) or related entity(ies) shall register as an organization responsible for that function. The JRO and its member(s) or related entity(ies) must have a separate, formal written agreement that clearly specifies their respective responsibilities, which shall be submitted as part of the joint registration. The entities participating in a Type 2 JRO shall clearly document which Reliability Standards and specific requirements of Reliability Standards are covered by the Type 2 JRO and which member of the Type 2 JRO is responsible for compliance with each requirement of each Standard. The document must indicate that the Type 2 JRO member entities agree on the division of responsibilities. A form for documenting the accountability of the Type 2 JRO members' responsibilities, registration, etc., is available on the SERC website. Neither NERC nor SERC shall be parties to any such agreement between a JRO and its member or related entity(ies), nor shall NERC or SERC 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 joint registration.

3. SERC Compliance Staff shall verify that the joint registration will result in:
  - a. No areas lacking in the performance of the duties and tasks identified and required by the applicable Reliability Standards, and;
  - b. No unnecessary duplication of such coverage of areas by entities to perform the duties and tasks identified in and required by the Reliability Standards or of required oversight of such coverage.
4. The Compliance Staff may request clarification of any list submitted to it that identifies the compliance responsibilities of the JRO and its member(s) or related entity(ies).
5. The Compliance Staff will notify NERC that the JRO has been accepted in accordance with the registration procedure.
6. In accordance with the NERC Rules of Procedure, any JRO registered in SERC will be required to provide an annual update of its membership and division of responsibilities (i.e. matrix of accountability by requirement).

### **4.5. Appeal of an Organization Registration**

Any entity included on the NERC Compliance Registry may challenge its listing and functional assignments. Registered Entities within the SERC footprint wishing to challenge their placement on the NERC Compliance Registry should contact SERC at [serccomply@serc1.org](mailto:serccomply@serc1.org) stating the reasons it believes it should not be considered as a user, owner or operator of the bulk-power system based on the criteria listed in the

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NERC Statement of Compliance Registry Criteria, including supporting evidence of its position. SERC will use the entity's submitted information, the NERC Statement of Compliance Registry Criteria, the Rules of Procedure Section 500 (including Appendix 5), and decisions of the NERC Board of Trustees Compliance Committee and the Commission on prior appeals of registration status to review the request and make a determination whether to modify the registry status. The Compliance manager responsible for organization registration and the SERC Director of Compliance will make the final regional determination on Compliance Registry status.

SERC will respond in writing to the Registered Entity with its position on the requested modification. The Registered Entity may then appeal SERC's decision to NERC pursuant to the Rules of Procedure Section 500. The Compliance Committee of the NERC Board of Trustees will provide a written decision regarding any challenges, along with the basis for its decision. The decision of the committee will be final unless the entity appeals the decision to the applicable governmental authority (for U.S. entities, FERC, in accordance with 18 C.F.R. Part 385) within 21 calendar days of the issuance of the committee's decision on the challenge.

### **4.6. Organization Certification**

The purpose of certification is to evaluate and certify the competency of entities performing primary reliability responsibilities. The entities presently expected to be certified include Reliability Coordinators, Transmission Operators, and Balancing Authorities. Other entities may be added, as required, by approved Reliability Standards.

All entities responsible for the Reliability Coordinator, Transmission Operator, and/or Balancing Authority functions shall be certified. All non-certified entities or a new entity seeking certification as a Reliability Coordinator, Transmission Operator, or Balancing Authority function must complete the organization certification process for each function.

Entities seeking certification to perform one of these functions shall contact SERC at [serccomply@serc1.org](mailto:serccomply@serc1.org), Attention: Manager of Compliance Audits to apply for certification. (See NERC Rules of Procedure Section 500- Organization Registration and Certification and Appendix 5 to NERC Rules of Procedure: Organization Registration and Certification Manual.)

The following organization certification activities shall be performed by SERC:

- 4.6.1. Entities seeking certification to perform one of the functions requiring certification shall contact SERC for certification.

Entities seeking certification and other affected operators shall provide all information and data requested by SERC to conduct the certification process, in accordance with 18 C.F.R. Section 39.2 in the United States.

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- 4.6.2. SERC shall contact entities directly and provide notice of the requirement to be certified by NERC and initiate the process to certify any entities that do not voluntarily contact the regional entity or NERC.
- 4.6.3. SERC shall notify NERC of all certification applicants, including those not voluntarily seeking certification.
- 4.6.4. SERC has established a certification process in accordance with Rules of Procedure, Appendix 5 Organization Registration and Certification Manual Version 3.3 to include audit processes, schedules and deadlines, expectations of the applicants and all entities participating in the audit and certification processes, and requirements for certification auditors.
- 4.6.5. SERC's certification procedure includes provisions for on-site visits to the applicant's facilities to review the data collected through questionnaires, interviews with operations and management personnel, inspection of facilities and equipment (requesting a demonstration of all tools identified in the certification standard), review all necessary documents and data (including all agreements, processes, and procedures identified in the certification standard), reviewing certification documents and projected system operator work schedules, and reviewing any additional documentation that is needed to support the completed questionnaire or inquiries arising during the site visit.
- 4.6.6. All industry subject matter experts and SERC staff participating in certification audits shall successfully complete appropriate training provided by NERC or SERC prior to performing an audit.
- 4.6.7. SERC's certification procedure provides for preparation of a written report by the audit team detailing any deficiencies that must be resolved prior to certification along with any other recommendations for consideration by the entity, SERC, or NERC.
- 4.6.8. SERC will evaluate the competency of entities requiring certification to meet the minimum requirements established by the standards for each such function based on the requirements established by NERC.
- 4.6.9. If the entity is not satisfied with the certification findings of the SERC certification process, then it may appeal to NERC using the NERC appeals process stated in Appendix 5 NERC Organization Registration and Certification Manual Version 3.3.

### **4.7. Requirements — Certification Process**

- 1 Applicants seeking certification:
  - a In SERC, shall initiate the certification process by completing a certification application (see Sample Certification Form in Appendix 5 to the Rules of Procedure) and sending it to SERC. SERC will conduct the certification process.
  - b In multiple regional entities, shall initiate the certification process by completing a certification application (see Sample Certification Form in Appendix 5 to the Rules of Procedure) and sending it to the compliance and certification manager in each affected regional entity; each affected regional entity will inform NERC of the request. NERC

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will be the coordinator and will notify the applicant of NERC's role. NERC shall coordinate the review process among the affected regional entities.

- 2 Upon receipt, the application will be assessed by SERC for completeness and accuracy. When the application is deemed complete and accurate it will be accepted; at that time the applicant and SERC shall agree to a timeline, including specific milestones for the certification process. The applicant and SERC shall complete the NERC organization certification process within nine months of the date of acceptance of the application unless agreed to differently by all parties involved in the process.
- 3 SERC shall notify all entities identified below that will provide input into the certification review and provide each with the necessary information regarding the applicant's request for certification, the certification process, and the duties expected from each entity. SERC shall provide all participants with a copy of expectations regarding confidentiality and retention of all data reporting, completed questionnaires and forms, reports, and recommendations associated with the documentation it provides and receives.
- 4 SERC shall notify NERC that the certification process has begun for the entity to enable NERC to carry out their roles and responsibilities.
- 5 NERC shall implement the required changes to integrate the new entity into the system.
- 6 SERC shall provide the questionnaires, a certification schedule, the deadlines for questionnaire submission, a statement of expectations of the applicant and all of the entities participating in the certification process to those entities that must complete these documents. These questionnaires and other related documents address the applicant's capabilities and actions as they relate to established entity functions and tasks. The regional entity shall distribute questionnaires and other related documents to the following entities as appropriate:
  - a Applicant (i.e., entity seeking certification).
  - b All balancing authorities, transmission operator(s), and reliability coordinators in which the applicant intends to operate or interconnect transmission facilities.
  - c Relevant transmission owners, transmission service providers, planning authorities, generation owners, generation operators, transmission planner, distribution providers, and/or other applicable entities.
- 7 SERC shall assemble a Certification Review Team charged with the responsibility of determining if the applicant meets NERC's organization certification requirements. The review team members shall subject themselves to NERC confidentiality agreements for any data or information made available to them through the certification review process.
  - a If the applicant objects to any member of the certification team, the applicant must make that known, in writing, to the regional entity or NERC listing the reasons for the objection.
  - b The regional entity will either replace the team member or respond with

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written justification for keeping the member on the team.

- 8 The review team shall consist of a minimum of three individuals including a SERC representative and NERC (at NERC's option). The selected individuals shall represent at least three of the categories listed below:
  - a Balancing Authority
  - b Reliability Coordinator
  - c Transmission Operator
  - d Transmission Owner
  - e Transmission Service Provider
  - f Transmission Planner
  - g Planning Authority
  - h Generation Operator
  - i Generation Owner
  - j Distribution Provider
  - k Representative from NERC staff
  - l Representative from regional entity staff
  - m Representative from another NERC regional entity
  - n Representative from an RTO or ISO, when applicable

The balancing authority review team shall minimally consist of a Balancing Authority and its Reliability Coordinator; the Reliability Coordinator review team shall minimally consist of a Reliability Coordinator, one of its Balancing Authorities, and one of its Transmission Operators; and the Transmission Operator review team shall minimally consist of a Transmission Operator and Reliability Coordinator.

- o Review team members shall not be employees of or have a direct financial interest in the applicant or any of its affiliates.
  - p Review processes that involve an entity that is responsible for a function identified in the reliability standards across regional entity boundaries shall have a review team that includes at least one representative from each of the affected regional entities. Each regional entity, not the regional entity or NERC, shall select its representative to the team.
- 9 SERC may elect, with agreement of the applicant and all other affected regional entities, to contract an independent review team.
- 10 The review team shall inform the applicant before the on-site visit of any documentation or clarification that is necessary to support the questionnaire.
- 11 The applicant retains the responsibility for all delegated tasks. The applicant shall identify to the review team prior to the on-site visit all tasks that have been delegated to another entity.
- 12 The review team shall conduct at least one on-site visit to the applicant's facilities. This may also apply to the facilities of entities responsible for delegated tasks. During the visit, the review team will:
  - a Review with the applicant the data collected through the questionnaires;
  - b Interview the operations and management personnel;

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- c Inspect the facilities and equipment;
  - d Request a demonstration of all tools identified in the certification standard;
  - e Review all necessary documents and data including all agreements, processes, and procedures identified in the certification standard;
  - f Review certification documents and projected system operator work schedules; and,
  - g Review any additional documentation that is needed to support the completed questionnaire or inquiries arising during the site-visit.
- 13 The review team shall identify any deficiencies (to both the applicant and to the regional entity) that must be resolved to the satisfaction of the review team prior to the review team making a recommendation to certify.
- 14 The review team shall formulate a certification recommendation based on:
- a Data collected and validated from the questionnaires;
  - b Data collected during demonstrations of tools and review of documents observed during on-site visit(s); and,
  - c Information, demonstrations and reviews provided as part of a follow-up to correct identified deficiencies.
- 15 The review team shall support its recommendation through a written report. All members of the review team shall have an equal voice in the certification recommendation. This allows for a minority opinion if the review team cannot reach a consensus.
- a If the applicant intends to operate only in SERC, the review team shall make a recommendation to SERC. SERC shall approve or disapprove the certification. SERC shall notify NERC of the certification decision.
  - b If the applicant intends to operate in multiple regional entities, the review team shall make a recommendation to each of the regional entities. All affected regional entities must approve granting of the certification or the certification is denied.
  - c SERC or NERC, in the case of multiple regional entities, shall verify the regional entity approvals prior to allowing certification. The regional entity shall notify NERC of the certification decision.
- 16 SERC or NERC (in consultation with the affected regional entities) may grant a time extension, not to exceed 180 days, to the applicant.
- a If the applicant fails to meet the conditions set by SERC or NERC, within the additional granted timeframe, the applicant's request for certification shall be denied.
  - b If the applicant meets the conditions set by SERC or NERC within the additional granted timeframe, SERC or NERC shall respond to the applicant's notification of completion of requirements within 30 days.
- 17 After the applicant has been awarded certification, SERC or NERC shall notify all appropriate entities as to the date that the applicant may begin its operation as a certified entity. Applicant must commence operation within 12 months of certification.
- a Failure to begin operation within the 12-month period shall require the applicant to reapply for certification.