

## COVID-19 Related Activities

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Compliance Committee Open Session

February 3, 2021

RELIABILITY | RESILIENCE | SECURITY



- Joint FERC/NERC announcement
- Issued March 18, 2020
- Three topics:
  - System Operators that are not NERC-certified
  - Missed periodic actions – acceptable noncompliance
  - On-site activities postponed
- Covered by current ERO Enterprise Guidance



Federal Energy Regulatory Commission

**NERC**  
NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

March 18, 2020  
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**FERC, NERC Provide Industry Guidance to Ensure Grid Reliability Amid Potential Coronavirus Impacts**

The Federal Energy Regulatory Commission (FERC) and the North American Electric Reliability Corporation (NERC) announced today they are taking steps to ensure that operators of the bulk electric system can focus their resources on keeping people safe and the lights on during this unprecedented public health emergency.

FERC and NERC are using regulatory discretion to advise all registered entities that they will consider the impact of the coronavirus outbreak in complying with Reliability Standards as follows:

- The effects of the coronavirus will be considered an acceptable basis for non-compliance with obtaining and maintaining personnel certification, as required in Reliability Standard PER-003-2, for the period of March 1, 2020 to December 31, 2020. Registered entities should notify their Regional Entities and Reliability Coordinators when using system operator personnel that are not NERC-certified.
- The effects of the coronavirus will be considered an acceptable reason for case-by-case non-compliance with Reliability Standard requirements involving periodic actions that would have been taken between March 1, 2020 and July 31, 2020. Registered entities should notify their Regional Entities of any periodic actions that will be missed during this period.
- Regional Entities will postpone on-site audits, certifications and other on-site activities at least until July 31, 2020. Registered entities should communicate any resource impacts associated with remote activities to their Regional Entities.

FERC and NERC recognize the uncertainties regarding the response to and recovery from the coronavirus outbreak and will continue to evaluate the situation to determine whether to extend these dates. Our shared goal is to ensure all registered entities balance the concerns for the health and welfare of their workforce while staying focused on the mission of supplying power to consumers across North America.

(30)

- Temporarily expands Self-Logging Program for COVID-19
- Key topics:
  - All requirements and all Registered Entities
  - Applies to minimal and moderate risk
  - No further action for properly logged noncompliance
- Expires June 30, 2021
- [Link to Guidance](#)

The image shows a thumbnail of the document cover page. At the top left is the NERC logo. The title is 'ERO Enterprise Guidance: Potential Noncompliance Related to Coronavirus Impacts'. Below the title is a 'Purpose' section, followed by a paragraph of text. Then there is another paragraph of text. Below that is a 'Tracking and Treatment of Potential Noncompliance Related to Coronavirus Impacts' section, followed by a paragraph of text. Then another paragraph of text. At the bottom, there are two footnotes and a URL. At the very bottom of the page is the NERC tagline: 'RELIABILITY | RESILIENCE | SECURITY'.

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## ERO Enterprise Guidance: Potential Noncompliance Related to Coronavirus Impacts

**Purpose**  
The purpose of this guidance is to address the handling of potential noncompliance related to the effects of the coronavirus. Specifically, this guidance introduces a temporary expansion of the Self-Logging Program in order to assist entities and the ERO Enterprise with the efficient reporting of potential noncompliance with minimal or moderate risk related to the ongoing coronavirus crisis. During this challenging time, health and safety of personnel and the continued reliability and security of the bulk power system are of crucial importance.

While registered entities remain responsible for maintaining compliance with the North American Electric Reliability Corporation (NERC) Reliability Standards, they should continue to focus their immediate efforts and resources on maintaining the safety of their workforce and communities to ensure the reliability of the bulk power system during this public health emergency. With that in mind, the ERO Enterprise<sup>1</sup> is committed to considering reasonable deviations from compliance with Reliability Standards caused by coronavirus response.

**Tracking and Treatment of Potential Noncompliance Related to Coronavirus Impacts**  
On March 18, 2020, the Federal Energy Regulatory Commission (FERC) and NERC issued Guidance to Ensure Grid Reliability Amid Potential Coronavirus Impacts (March 18 Guidance).<sup>2</sup> The March 18 Guidance addressed personnel certification and noncompliance caused by the inability to complete periodic activities because of coronavirus-related constraints. The ERO Enterprise understands that the March 18, Guidance does not account for or contemplate all situations and responses an entity may face as a result of the coronavirus response; indeed, there are too many facts and circumstances to predict. The ERO Enterprise now provides further guidance related to potential noncompliance resulting from coronavirus-related impacts in addition to those contemplated in the March 18 Guidance.

The ERO Enterprise recognizes that registered entities may have to take unprecedented actions to address coronavirus impacts. Such actions may disrupt, complicate, or otherwise alter the normal course of business operations, including compliance with NERC Reliability Standards, in order to maintain the reliability and security of the bulk power system. During this extraordinary time, the ERO Enterprise is temporarily allowing all registered entities to self-log instances of potential noncompliance related to entities' coronavirus response. This temporary expansion of the Self-Logging Program is not authorization to log potential noncompliance unrelated to the impacts of the coronavirus, nor is it admission to the Self-

<sup>1</sup> The ERO Enterprise consists of NERC and the Regional Entities.  
<sup>2</sup> The FERC/NERC Guidance to Ensure Grid Reliability Amid Potential Coronavirus Impacts is located on the NERC website at: <https://www.nerc.com/news/Headlines%201/FERC%20NERC%20031820%20final.pdf>

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- Safety first approach
- Tailored based on risk
  - Informed by experience of monitoring risk areas offsite
- Cooperation and coordination continues
- FERC/NERC/Regional Entities deliberate coordination continues



# Questions and Answers

# NERC

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# Facility Ratings Update

Teresina Stasko, Assistant General Counsel and Director of Enforcement

Steven Noess, Director, Regulatory Programs

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BOTCC February Open Meeting

February 3, 2021

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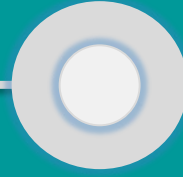


## Late 2018 - 2019



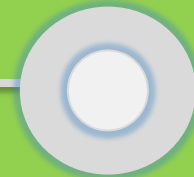
- Uptick in moderate and serious risk FAC-008 violations; correlation of violations to accuracy of equipment inventory and change management
- Risk Element in 2019 CMEP IP
- Regional Entity outreach
- Evolved monitoring practices

## 2020



- Updates provided at February and November BOTCC Open Meeting
- Developed problem statement with NATF and shared with CCC
- CCC created Facility Ratings Task Force (FRTF)
- Published CMEP Practice Guide
- FRTF expanded as joint task force with RSTC

## 2021



- Development of supporting framework within context of existing CMEP tools
- Ongoing coordination with NATF and CCC FRTF, which includes the RSTC

- Objectives
  - Support development and sustainment of registered entity risk-based Facility Ratings programs and resolution of Facility Ratings noncompliance using existing tools
  - Encourage entities to perform self-evaluation to assess the strength of their practices and controls at mitigating risks related to Facility Ratings
  - Highlight advantages of participating in this effort compared to ERO Enterprise finding programmatic deficiencies down the road
- Tracking and reporting
  - Programmatic view to report and track in phases
  - Aggregate and report discrepancies/deficiencies identified
  - Transparent communication and status updates with ERO Enterprise



- Processing related potential noncompliances
  - Consider lessening administrative burden as entities focus on program enhancements (e.g., aggregating reporting)
  - Use existing tools and criteria for appropriate disposition methods
- Outreach
  - Description, details, instructions and expectations as developed
  - Leverage industry partners (NATF, FRTF, etc.)

- Collaboration with NATF and FRTF (CCC & RSTC)
  - Risk-based approach for managing Facility Ratings program
  - Categorize risk profiles of common discrepancies
  - Develop and provide outreach



# Questions and Answers

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# Compliance Monitoring and Enforcement Program Annual Report

James McGrane, Senior Counsel  
Compliance Committee Meeting  
February 3, 2021

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- Coordination with FERC and Canadian authorities
- Initial guidance to industry regarding regulatory discretion
- Temporary expansion of the Self-Logging program
- Off-site compliance monitoring engagements
- Remote visits for organization certification

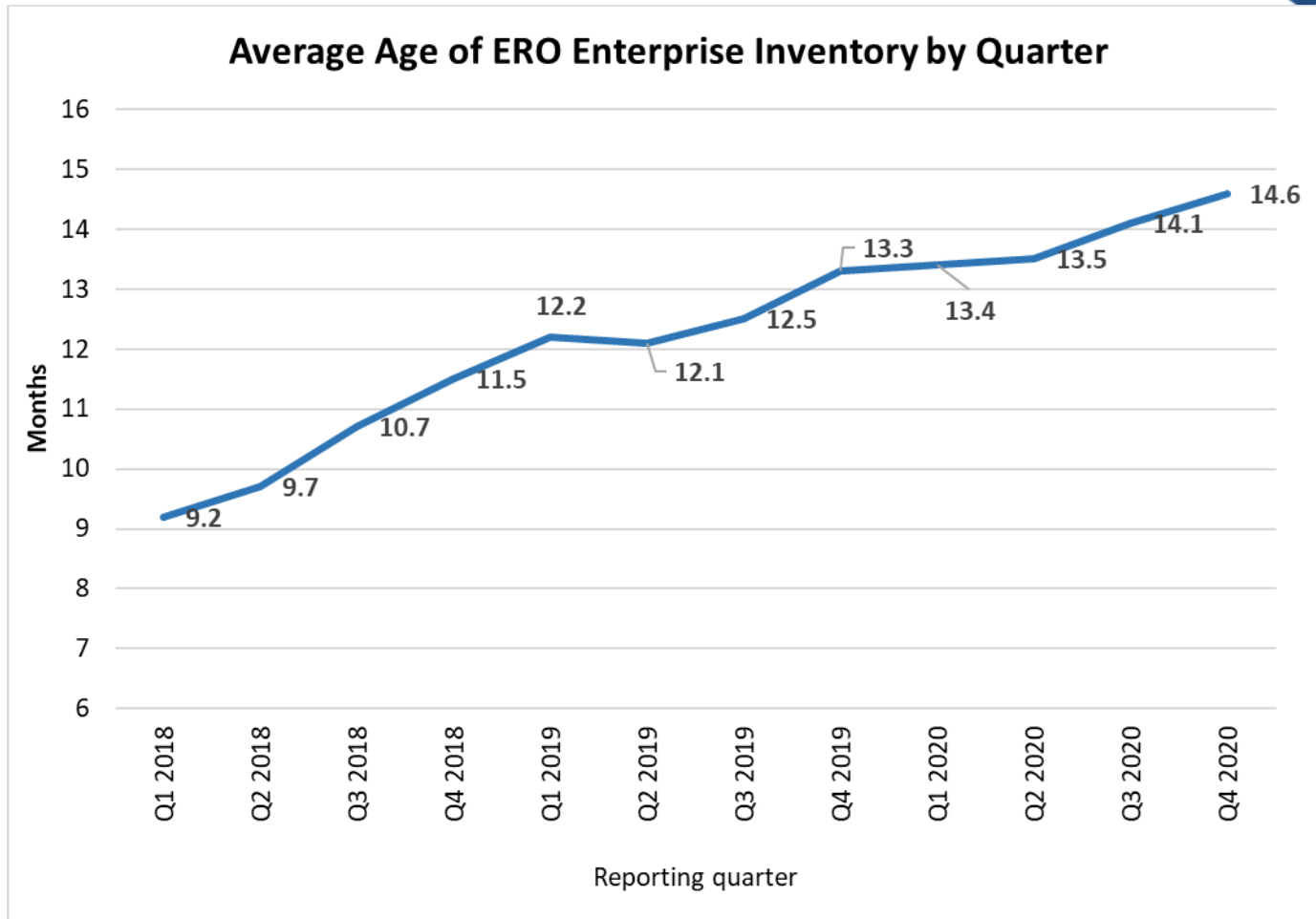
- NERC has implemented several changes since release of the Second Joint Staff White Paper:
  - Requesting CEI treatment for entire CIP noncompliance filings and submittals
  - No longer publicly posting redacted versions of CIP noncompliance
- NERC will report CIP noncompliance statistics in public reports
- NERC will provide lessons learned to registered entities via a secure website

- Release 1 coming Q1 2021
- 2020 saw extensive outreach to prepare industry and ERO Enterprise staff
- NERC training site provides training on a variety of topics related to the use of Align
- Work continues on future releases of Align and the ERO Enterprise Secure Evidence Locker

- ERO Enterprise implemented enhancements in 2020
- Used to convey the monitoring strategy for each entity
- Tailored based on entity-specific performance factors and understanding the entity's internal controls
- Includes entity-specific risks based on analysis of Inherent Risk Assessments and Performance Considerations

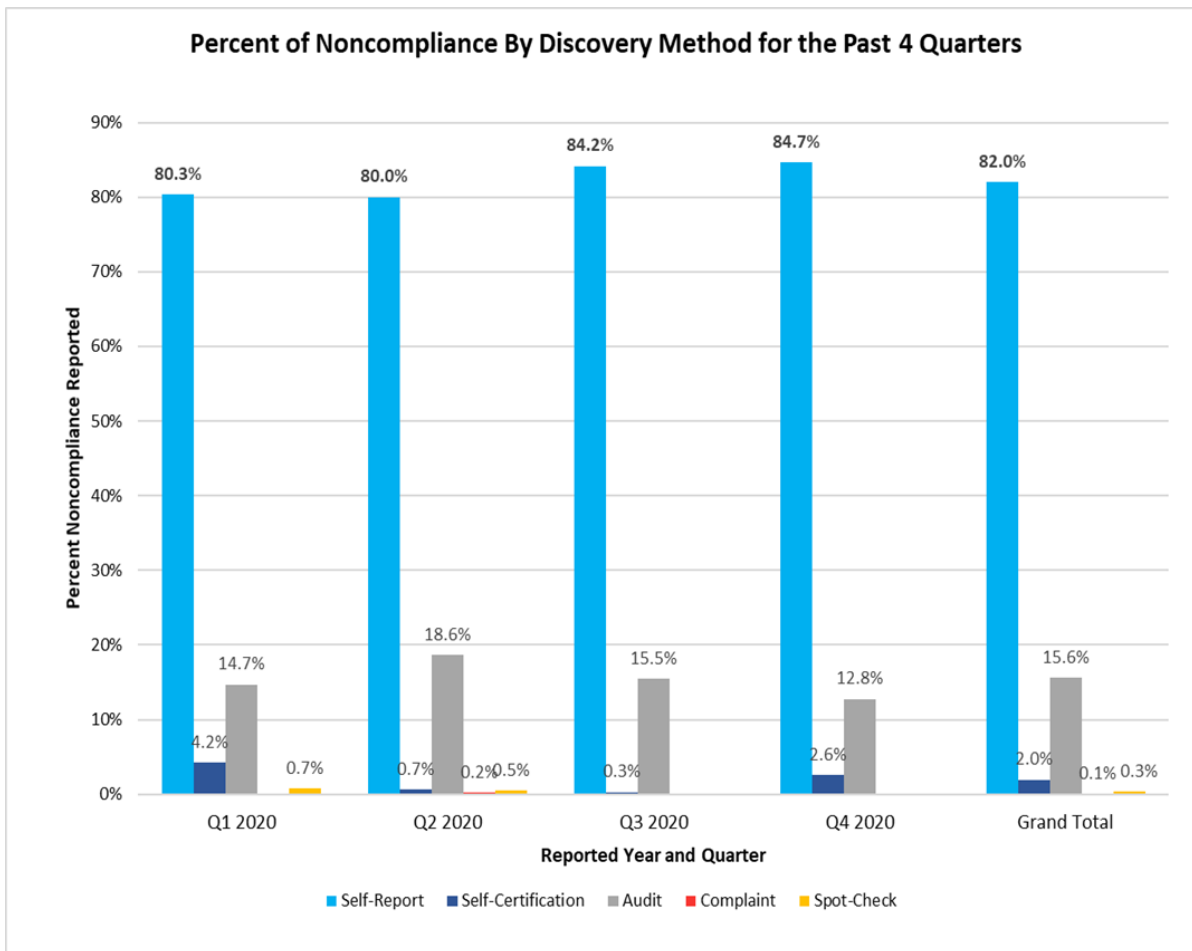


- Enforcement metrics include violation aging and mitigation completion
- Average age of inventory has continued to climb above 12 months
- 17% of ERO Enterprise caseload was greater than two years old at end of year
  - Down from 19% at the end of Q3
- Self-Reporting remains high

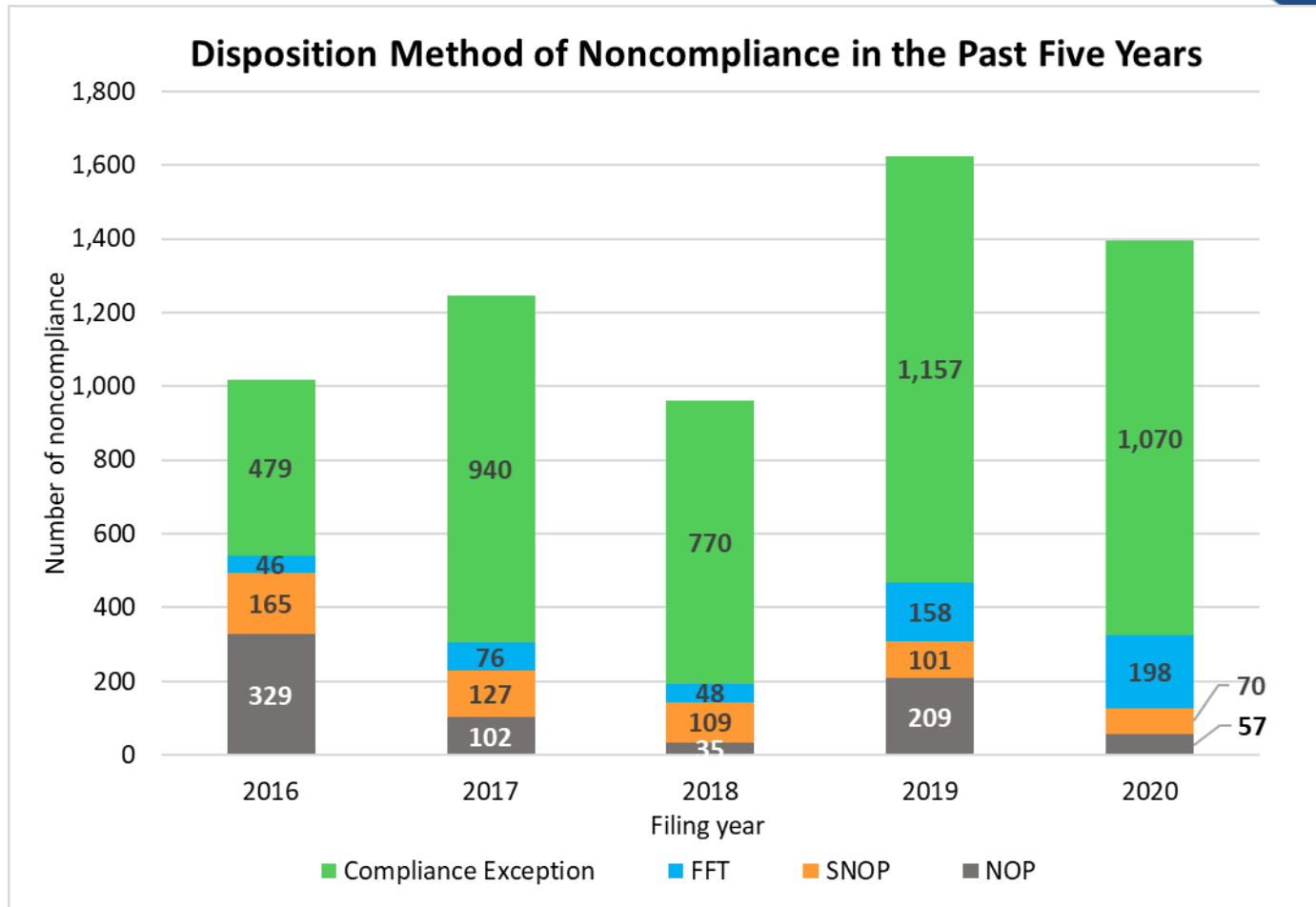


**ERO Enterprise is taking steps to reduce average age of inventory**

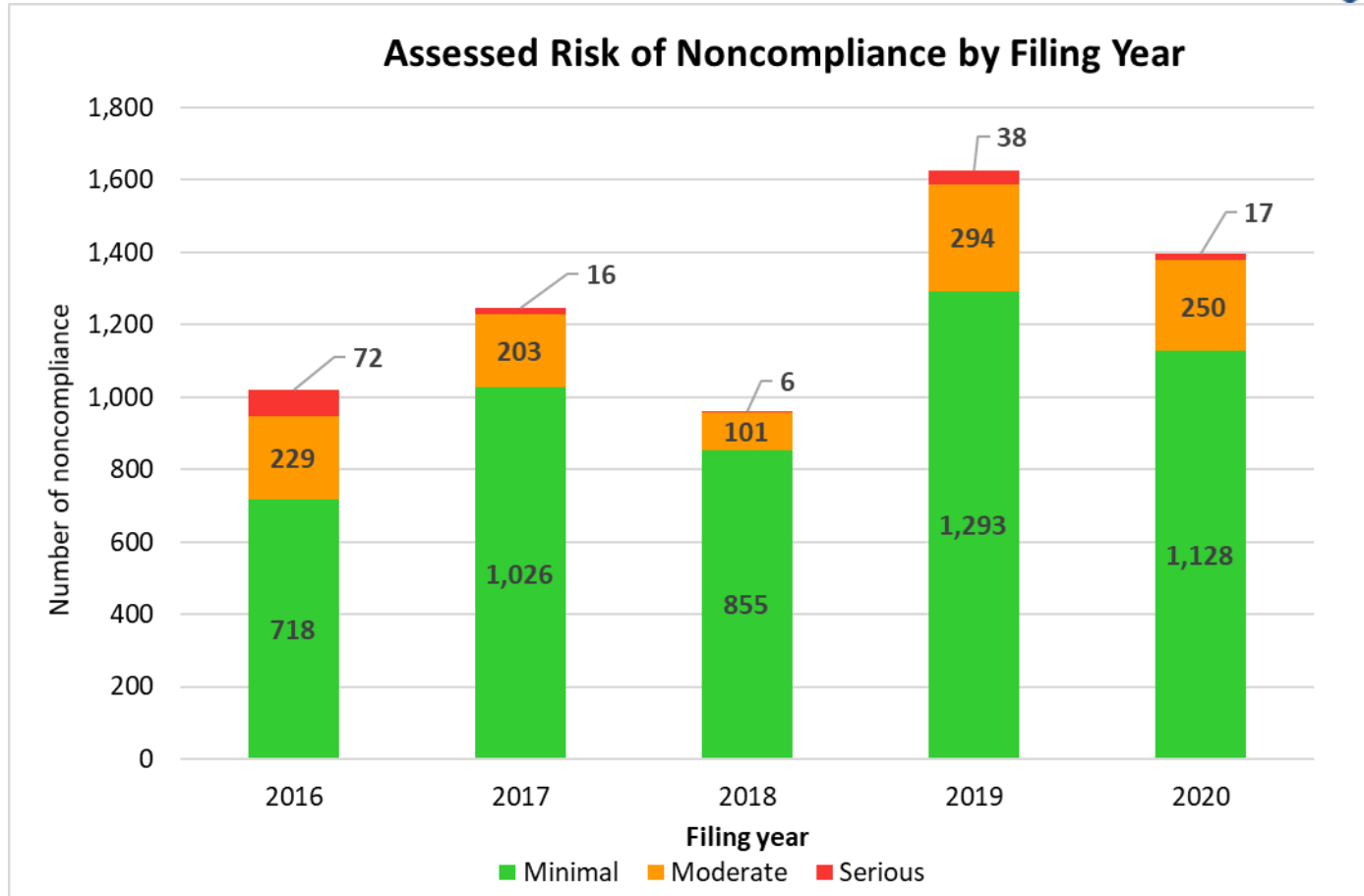
- 419 violations over two years old
  - Approximately 100 registered entities
- 186 violations over two years old with ongoing mitigation
  - Approximately 60 registered entities
- Over 90% have completed mitigation
  - Mitigation completion as measure of reduced risk
- Approximately 80% are CIP violations
  - Greater complexity with new technologies and CIP Version 5



**Self-Reporting remains high, helping speed mitigation and reduce risk**



**The majority of noncompliance continues to be processed as Compliance Exceptions**



**Moderate and serious risk noncompliance remain a small portion of all filed noncompliance**

- Streamlining efforts
  - Efficient risk assessment and resolution for all noncompliance
  - Sharing approaches across Regions to identify processing efficiencies
- Ongoing engagement with registered entities
  - Understanding extent of violations and assisting the design of robust controls to prevent recurrence
- Sharing lessons learned and mitigation best practices
  - Effective solutions to the most common causes of violations
  - Outreach on new Reliability Standards and preventive controls to reduce the number of violations
  - CIP lessons learned coming



# Questions and Answers