

ERO Auditor Newsletter

April 2011

Topics

- **From the Director of Compliance**
- **Audit Assurance News**
- **CANs**
- **Auditor Tools and Useful Links**
- **FERC Technical Conference Links**

From the Director of Compliance

Mike Moon

After our first ERO, NERC and the Regional Entities Auditor Workshop in Phoenix, it is clear that we have a truly dedicated and professional group of auditors! As noted during the workshop, you - the auditors - are the face of the ERO meeting in-person with the industry day in and day out. The ERO is still evolving, and auditors have a crucial role to play in ensuring that during this evolutionary phase, compliance and enforcement management at regional entity and NERC levels are aware of what is happening in the field. This is the first newsletter for audit staff and we look forward to comments, suggestions and recommendations for future issues.

We are already planning the next ERO Auditor Workshop, which will be at the NERC offices in Atlanta on September 20 – 22. Our goal is to sign up all of the auditors who didn't make it to the Phoenix workshop, including contract auditors in the Regions. We will use this newsletter to keep you abreast of the agenda as it is developed and solicit your input and active participation. We also plan to conduct periodic webinars for the audit staff to improve communication flow and provide updates of major issues, changes and guidance. Management at NERC and in the Regions is committed to improving the information flow, and tool development and deployment to the auditors to make your job more efficient.

Audit Assurance News

Jacki Power

New Employees

The Audit Assurance and Oversight (AAO) team hired three new employees:

David Hodges: Senior Regional Compliance Auditor. Previously, David worked with SPP as the Director of Compliance and was an active member with the Compliance and Certification Committee (CCC).

Kyle Howells: Compliance Auditor. Kyle worked with American Superconductor as a Senior Applications Engineer in New Berlin, Wis.

Jodi Ernst: Senior Regional Compliance Auditor. Previously Jodi worked for Constellation Energy as a Certified System Operator.

MOD-029-1

AAO provided guidance to the Regional Entities for auditing MOD-029-1 on March 14. Specific information concerning compliance audits is contained on page 2 and can be found [here](#).

A public bulletin concerning MOD-029-1 is being developed.

KRSSC Program

The AAO group will begin its second round of the Key Reliability Standard Spot Check program (KRSSC). The standard selected is EOP-005-1 System Restoration Plans. The selection was based upon several factors including, but not limited to, the potential impact on the bulk power system and data indicating that EOP-005-1 has historically been a standard with a high number of possible violations. AAO will send a request for information to each Regional Entity in the near future. The AAO team appreciates everyone's support of this important program.

CANS – Valerie Agnew

The Compliance Application Notice (CAN) is a relatively new communication tool that was created to serve two purposes:

1. To provide *transparency¹ to industry* on how an ERO compliance enforcement authority is applying compliance criteria to determine possible compliance/non-compliance with a NERC Reliability Standard; and
2. To *establish consistency in the application of compliance criteria* across all compliance enforcement authorities.

While CANS were established at the request of the industry, it is an auditor-centric process where auditors play a critical role in accomplishing the purpose of the CANS.

To achieve the first purpose, providing transparency to industry, it is important to first understand how individual auditors are applying compliance in regards to a specific issue. For the initial CANS, this information has been gathered through working groups or random samplings; for future CANS, NERC and the Regions will continue to reach out to the auditors to gather this information. Your candid responses, either to a working group, to your regional compliance/enforcement team, or as a comment to a CAN in development, will be greatly beneficial to this process.

In the event that a variance exists in how auditors are applying compliance, the CAN will establish a consistent ERO wide compliance application. To achieve the second purpose, to establish consistency in the application of compliance criteria, *auditors must be aware of the compliance applications contained in each of the CANS and audit to the CANS.*

To assist auditors in this endeavor, NERC is providing notifications when CANS are posted as final, which is the signal that auditors should begin auditing to the CAN. Email notifications are provided any time there has been activity on the NERC CAN [website](#), including CAN development and when a final CAN has been posted. Additionally, NERC is planning webinars for final CANS that are designed specifically for auditors. To be included on the distribution list for CAN activity, or to be notified of webinars, contact Stacia-Ann Chambers at Stacia-Ann.Chambers@nerc.net.

CANS will have different effective periods, but in general a CAN will remain in effect until a regulatory body (FERC or a Canadian Province regulator) issues an official order changing the application of the CAN.

CANS - Continued

In the case of FERC, that would be in the form of an order approving an interpretation, an approved new or revised standard that addresses the issue, or a guidance order addressing the issue. If the ERO wide compliance will require registered entities to adjust a practice, the CAN will provide an implementation period before auditors should audit to the CAN.

There are several CANS posted as final on the NERC website and an additional 15 in process. Additionally, there are 53 identified possible CANS in the queue. Access to CANS in various stages is available on the NERC [website](#).

For more information on CANS, see the CAN process on the NERC [website](#) or contact valerie.agnew@nerc.net. To make a request for a CAN, increase the priority of, or feedback on, any CAN, please submit to cancomments@nerc.net or contact valerie.agnew@nerc.net with a copy of your email to cancomments@nerc.net.

Auditor Tools and Useful Links

- [Workshop Documents and Report²](#)
- [CANS](#)
- [CARs](#)
- [NERC Directives and Bulletins](#)
- [2011 Actively Monitored List](#)
- [Case Notes](#)

FERC Technical Conference Links

February 8, 2011: [Technical Conference on Priorities for Addressing Risks to the Reliability of the Bulk-Power System](#)

Nov 18, 2010: [Technical Conference to Explore Issues Associated with Reliability Monitoring, Enforcement, and Compliance.](#)

July 6, 2010: [Technical Conference to address industry perspectives on certain issues pertaining to the development and enforcement of mandatory Reliability Standards for the Bulk-Power System](#)

¹ For the purposes of CANS, “transparency” means “an open line of sight.”

² Documents provided on the NERC website: <http://www.nerc.com/page.php?cid=3|23|378>.