

Minutes

Compliance Committee

August 9, 2017 | 11:15 a.m. – 12:30 p.m. Eastern

The Westin Ottawa
11 Colonel By Drive
Ottawa, ON K1N 9H4
Canada

Janice B. Case, Chair, called to order the duly noticed meeting of the Board of Trustees Compliance Committee (BOTCC) of the North American Electric Reliability Corporation (NERC) on August 9, 2017, at approximately 11:15 a.m. Eastern, and a quorum was declared present.

Present at the meeting were:

Committee Members

Janice B. Case, Chair
Frederick W. Gorbet
David Goulding
Jan Schori
Roy Thilly

Board of Trustees Members

Gerry W. Cauley, President and Chief Executive Officer
Robert G. Clarke
Kenneth W. DeFontes, Jr.
George S. Hawkins

NERC Staff

Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary
Andrea Koch, Senior Director of Reliability Assurance
Ken McIntyre, Vice President and Director of Standards and Compliance
Sonia Mendonca, Vice President, Deputy General Counsel, and Director of Enforcement
Tobias Whitney, Senior Manager, CIP Physical and Cyber Security Assurance

Regional Entity Staff

Florida Reliability Coordinating Council

Linda Campbell, Vice President Compliance, Enforcement, and Reliability Performance

Midwest Reliability Organization

Sara Patrick, Vice President Compliance Monitoring and Regulatory Affairs

Additional Attendees

Patti Metro, Compliance and Certification Committee Chair

Introduction and Chair's Remarks

Ms. Case reported on the June 15 and August 8, 2017, Executive Sessions. She highlighted a registered entity presentation on establishing an effective Critical Infrastructure Protection (CIP) compliance program.

NERC Antitrust Compliance Guidelines

Ms. Case directed the participants' attention to the NERC Antitrust Compliance Guidelines.

Minutes

Upon motion duly made and seconded, the BOTCC approved the May 10, 2017, meeting minutes as presented at the meeting.

Follow-up Regarding Action Items from Prior Meeting

Ms. Case explained that the Consistency Framework to address ERO Enterprise consistency issues in a structured manner has been rebranded to ERO Enterprise Program Alignment to more accurately represent the scope of the ERO Enterprise efforts.

ERO Enterprise Program Alignment Efforts

Mr. McIntyre discussed the ERO Enterprise Program Alignment efforts, including the program's design and examples of alignment activities both completed and ongoing. He described the ERO Enterprise Program Alignment web page, which was developed to facilitate communication regarding alignment activities.

Mr. McIntyre also noted NERC and Regional Entity representatives' coordination with Compliance and Certification Committee (CCC) members to design approaches and processes to support the program. Ms. Metro, Chair of the CCC, moderated a panel on program alignment.

Ms. Patrick described alignment efforts on the development of Inherent Risk Assessments (IRAs). She highlighted the IRA base case study wherein the ERO Enterprise identified 18 common risk factors for registered entities.

Ms. Campbell addressed alignment efforts in the Coordinated Oversight Program for Multi-Region Registered Entities. Development of Coordinated Oversight procedures has been a primary activity in those efforts.

Ms. Mendonca reported on NERC's alignment efforts regarding penalty determinations, including NERC staff's continued oversight of individual penalty determinations and the review of case studies with ERO Enterprise enforcement staff.

CIP Version 5

Mr. Whitney updated the BOTCC on the activities and observations to date regarding the ERO Enterprise's implementation of CIP Version 5. He noted that the rate of noncompliance has not increased to scale with the increase in the number of facilities within the scope of CIP Version 5, when compared to the number of Critical Assets within the scope of CIP Version 3.

He also discussed focusing on security controls and emerging threats in the 2018 CIP monitoring and outreach program.

Compliance Monitoring and Enforcement Program (CMEP) Quarterly Report

Ms. Mendonca and Ms. Koch discussed highlights regarding second quarter CMEP activities. Ms. Mendonca reported on the progress of various enforcement metrics. She explained that mitigation completion rates remain an area of focus, noting that mitigation is complete for over 99 percent of violations discovered prior to 2014. She also noted that self-identification of noncompliance is 93.6 percent.

Ms. Koch updated the BOTCC on various NERC compliance activities. She described the updated Internal Controls Guide and reported on outreach efforts at the NERC Standards and Compliance Workshop.

Adjournment

There being no further business, and upon motion duly made and seconded, the meeting was adjourned.

Submitted by,



Charles A. Berardesco
Corporate Secretary

Agenda

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Room Name: Confederation II/III – 4th Floor

Introduction and Chair's Remarks

NERC Antitrust Compliance Guidelines

Agenda Items

1. **Minutes* – Approve**
 - a. Meeting of May 10, 2017
2. **Follow-up Regarding Action Items from Prior Meeting – Discussion**
3. **ERO Enterprise Program Alignment Efforts* – Discussion**
4. **Critical Infrastructure Protection Version 5* – Update**
5. **Compliance Monitoring and Enforcement Program Quarterly Report* – Update**
6. **Adjournment**

*Background materials included.