

## Meeting Minutes Board of Trustees Compliance Committee

February 16, 2011 | 10:30 a.m. – Noon MT  
Hyatt Regency Phoenix

Chair Paul Barber called to order a duly noticed open meeting of the Board of Trustees Compliance Committee of the North American Electric Reliability Corporation on February 16, 2011, at approximately 10:32 a.m., Mountain Time, and a quorum was declared present. The agenda and list of attendees are attached as **Exhibits A** and **B**, respectively.

### **NERC Antitrust Compliance Guidelines**

Chair Barber acknowledged NERC's Antitrust Compliance Guidelines.

### **Overview of Meeting Objectives and Process**

Chair Barber reviewed the meeting's objectives.

### **Consent Agenda**

On motion of Bruce Scherr, the committee approved the meeting minutes of November 3, 2010.

### **Review Compliance Committee Self-Assessment Results**

Chair Barber reviewed the Compliance Committee Self-Assessment Results.

### **NERC Staff Update**

#### **Compliance Operations**

Michael Moon, director of compliance operations, presented an update on posted Compliance Application Notices (CANs) and provided a prioritization case load for each pending CAN. Mr. Moon highlighted that the CAN process has been refined to expedite publication of CANs and the time period has been increased for industry comment. An internal NERC executive review team has been established to ensure NERC alignment prior to posting for Regional Entity and industry comment.

Mr. Moon also informed the committee of the EOP-005 Compliance Analysis Report and the VAR-002 and CIP-001 Addenda that are currently being drafted. Lastly, Mr. Moon conducted a presentation on the Key Reliability Standard Spot Check PRC-005. The spot check program is designed to review the adequacy and consistency of the processes and procedures being used to audit registered entities across all eight Regions. PRC-005 was the first standard chosen for this program.

#### **Compliance Enforcement**

Joel deJesus, director of compliance enforcement, presented a Streamlining Enforcement and Administrative Citation Update. In 2010, enforcement staff increased and processed 3.5 times the

number of violations per month than in 2009. Additionally, the new Administrative Citation Process (ACP) came into effect, streamlining the handling of batches of violations posing minimal risk to the bulk power system. The first ACP filing was in January, 2011 where 97 violations were approved for filing.

Rebecca Michael presented an overview of the Case Notes process. NERC began publicly posting Case Notes at the end of 2010. They are based on mitigation plans that have been accepted by the Regional Entities and approved by NERC.

Lastly, Mr. deJesus presented violation processing trends to the committee. The key trends were that: (a) the number of new violations each month is increasing above the number of violations dismissed or disposed of by the BOTCC; (b) more than half of the new violations each month were related to the CIP standards; (c) over 50 percent of all active violation are not yet mitigated; and (d) the high number of violations without mitigation plans experienced in 2010 is beginning to decline.

### **Adjournment**

There being no further business, on motion by Tom Berry, Chair Barber adjourned the meeting at 11:50 a.m. MT.

Submitted by,

A handwritten signature in black ink, appearing to read "Joel deJesus". The signature is stylized with large, overlapping loops.

Joel deJesus  
Committee Secretary