

## Minutes

# Compliance Committee

May 4, 2016 | 9:45 – 10:45 a.m. Central

The Westin Chicago River North  
320 N Dearborn Street  
Chicago, IL 60654

Ms. Janice B. Case, Chair, called to order a duly noticed meeting of the Compliance Committee (the Committee) of the Board of Trustees (Board) of the North American Electric Reliability Corporation (NERC) on May 4, 2016, at 9:45 a.m. Central, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

### **Members:**

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

### **Board Members:**

Gerald W. Cauley, President and Chief Executive Officer  
Paul F. Barber  
Robert G. Clarke  
Kenneth W. DeFontes, Jr.  
George S. Hawkins  
Kenneth G. Peterson

### **NERC Staff:**

Valerie Agnew, Senior Director of Reliability Assurance  
Tina Buzzard, Associate Director  
Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary  
Robert Goldfin, Associate Counsel  
Mark Lauby, Senior Vice President and Chief Reliability Officer  
Sonia Mendonça, Vice President of Enforcement and Deputy General Counsel  
Tobias Whitney, Manager of CIP and Operations Assurance

### **Regional Entity Staff:**

Stacy Dochoda, President and Chief Executive Officer, Florida Reliability Coordinating Council

### **Additional Attendees:**

Thad Ness, Xcel Energy  
Patti Metro, National Rural Electric Cooperative Association  
Roxanne Scacco, Duke Energy

### **NERC Antitrust Compliance Guidelines**

Ms. Case directed the participants' attention to the NERC Antitrust Compliance Guidelines included with the agenda materials, and stated that any additional questions regarding these guidelines should be directed to Mr. Berardesco.

**Minutes**

Upon motion duly made and seconded, the Committee approved the minutes of the February 10, 2016, meeting as presented at the meeting.

**Follow-up Regarding Action Items from Prior Meeting**

Ms. Case summarized key points from the April 7, 2016, Executive Session, as well as the May 3, 2016, Closed and Executive Session meetings. She also discussed the 2015 Annual Vegetation Report. She and Mr. Cauley both noted a troubling increase in grow-in and fall-in occurrences.

**Compliance Guidance Implementation**

Ms. Metro, Chair of the Compliance and Certification Committee (CCC), and Ms. Agnew presented an update on CCC Compliance Guidance Team activities. In particular, Ms. Metro discussed the CCC "Procedure to Become a Prequalified Organization Eligible to Submit Implementation Guidance to the ERO."

Ms. Agnew expressed NERC's support of the Team's efforts, particularly the creation of a compliance guidance website. She noted that 23 items for implementation guidance are posted on the website.

**Coordinated Oversight of Multi-Region Registered Entities**

Ms. Dochoda presented an overview of the Coordinated Oversight Program for multi-region registered entities (MRRE Program), noting that the MRRE Program is voluntary and intended to enhance consistency in compliance and enforcement throughout the ERO Enterprise and provide for more efficient oversight of multi-region registered entities.

Ms. Scacco discussed Duke Energy's experience in the MRRE Program, noting that Duke Energy has a presence in 6 of the 8 regions. She stated that the MRRE Program reduced the demands on and resources required by Duke Energy through the benefits of centralized enforcement and single points of contact. She also noted improvements are still needed in the areas of management of audits and data submittals.

Mr. Ness explained that Xcel Energy has participated in the MRRE Program since 2015. He highlighted the benefits of the MRRE program, including the replacement of annual audits by the Regional Entities with joint audits every three years.

Ms. Case stated that the MRRE Program not only benefits the participants who opt in, but also leads to overall greater consistency throughout the ERO Enterprise. A further update on the program will be provided at a future Committee meeting.

**Critical Infrastructure Protection Implementation**

Mr. Whitney provided an update on recent activities in the area of the CIP-014-2 Physical Security and CIP Version 5 Standards. The January 2016 FERC Order 822 directed NERC to make modifications to the CIP Standards to: (i) address transient electronic devices; (ii) require protections from communication network components; and (iii) revise the definition for Low Impact External Routable Connectivity. FERC Order 822 also directed NERC to perform a comprehensive study that identifies the strength of the CIP Version 5 remote access controls, the risks posed by remote access-related threats and vulnerabilities,

and appropriate mitigating controls. Mr. Whitney noted that the timeline to complete this study is July 2017, and commended the cooperation between NERC, the Regional Entities, and the Standards Drafting Team. Mr. Cauley encouraged stakeholders to provide feedback for the study. In response to a question regarding NERC's protection of confidential information collected for CIP Standards, NERC staff stated that NERC complies with Section 1500 of the NERC Rules of Procedure and the NERC Confidentiality Policy. NERC staff will provide additional background on confidential information protection practices at a future Committee meeting.

#### **Compliance Monitoring and Enforcement Program Quarterly Report**

Ms. Mendonça presented the CMEP first quarter report, noting that mitigation has been completed for 99% of noncompliance discovered in 2013 or earlier. She also noted the increased self-identification of noncompliance, highlighting that in the first quarter of 2016, registered entities self-identified over 90% of noncompliance. She informed the Committee of ten new entrants to the self-logging program.

#### **Reference Materials**

Ms. Case directed the Committee's attention to the reference materials which had been included with the advance meeting materials.

#### **Adjournment**

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

Submitted by,



Charles A. Berardesco  
Corporate Secretary

#### **Action Item(s):**

- A report will be provided to the Committee at a future meeting with an update on the MRRE Program.
- The Committee requested NERC staff provide a follow-up discussion at a future meeting regarding the security of confidential information collected for CIP Standards.