

Meeting Minutes Board of Trustees Compliance Committee

May 6, 2015 | 10:30 a.m. Eastern

The Ritz-Carlton Pentagon City
1250 South Hayes Street
Arlington, VA 22202

Janice B. Case, Chair, called to order the duly noticed meeting of the Board of Trustees Compliance Committee (Committee) of the North American Electric Reliability Corporation (NERC) on May 6, 2015, at approximately 10:30 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
Douglas Jaeger
Jan Schori
Roy Thilly

Board of Trustees Members

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

NERC Staff

Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary
Sonia Mendonça, Deputy General Counsel, Vice President of Compliance and Enforcement
Steven Noess, Director, Compliance Assurance

Regional Entity Representative

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

Standard Drafting Team Representative

Lou Oberski, Vice Chair of the Physical Security Standard Drafting Team and Managing Director, Electric Market Policy and NERC Compliance for Dominion Resources Services, Inc.

NERC Antitrust Compliance Guidelines

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

Chair's Statement

Ms. Case provided an overview of the Committee's Closed and Executive Meetings from the prior day. She emphasized the Committee's commitment to facilitate oversight of the compliance and enforcement and

registration programs at the Regional Entities and provide appropriate transparency to stakeholders and regulators.

Minutes

Upon motion duly made and seconded, the February 11, 2015, meeting minutes were approved as presented at the meeting.

Critical Infrastructure Protection Version 5 Transition

Mr. Noess provided an overview of the Critical Infrastructure Protection (CIP) Version 5 transition. He highlighted the communication with the transition advisory group, made up of Regional Entity and industry stakeholder participants, throughout the transition process to provide guidance on the implementation of various CIP Version 5 requirements.

In addition, Mr. Noess reported that the small group advisory sessions, a series of one-on-one workshops soliciting feedback from CIP Version 5 transition participants, have produced information and provided training that has been positively received by stakeholders. He added that regional outreach activities are ongoing to collect informational content for a NERC- housed single centralized reference and access location for the CIP Version 5 transition information.

The Committee emphasized the need for consistency in the CIP Version 5 transition across the ERO Enterprise before registered entities must apply and implement these Reliability Standards. Mr. Noess noted the accomplishments of the transition advisory group to facilitate that consistency. He also indicated that NERC would continue in dialogue with the transition advisory group, incorporating additional technical and executive leadership to attempt to resolve the few complex topics that remain.

The Committee requested NERC staff add a follow-up discussion regarding the timeline for guidance on low-impact requirements as the first agenda item at the August Open Meeting.

CIP-014 Implementation

Mr. Noess and Mr. Oberski provided an overview of CIP-014 activities. They noted implementation is well underway with a focus on continued coordination. Specifically, those activities include collaboration with the North American Transmission Forum on guidance for effective implementation of the Reliability Standard.

Coordinated Oversight of Multi-Region Registered Entities

Ms. Dochoda provided a status update on the Coordinated Oversight of Multi-Region Registered Entity program (the MRRE Program). Consistent with the original timeline, all registered entities that have applied for inclusion have received an assigned Lead Regional Entity and notice of the implementation dates. In addition, NERC has posted an updated Frequently Asked Questions on its website.

The Committee inquired as to whether the ERO Enterprise has considered whether there is a need for Rules of Procedure revisions to implement the MRRE Program. Ms. Dochoda responded that the MRRE Program is consistent with the existing Rules of Procedure, but that the working group would consider whether any

revisions are necessary after the first full year of implementation of the MRRE Program. An update report on the MRRE Program will be provided to the Committee at its May 2016 meeting

Risk-Based Compliance Monitoring and Enforcement Program Implementation

Mr. Noess reviewed the status of the risk-based Compliance Monitoring and Enforcement Program (CMEP) implementation focusing on the timeline for phases one and two of the compliance assurance oversight plan. Implementation is well underway with positive feedback so far. He emphasized the focus on ERO Enterprise staff role- and competency-based comprehensive training and continued outreach to industry.

The Committee discussed the timeline for the second phase of implementation and the importance of keeping a risk-based focus. Ms. Mendonça explained that NERC is identifying benchmarks to track improvement to the reliability of the bulk power system and conducting process reviews of Regional Entity programs to ensure consistency of implementation across the ERO Enterprise.

The Committee inquired as to how the risk-based CMEP is working in relation to the MRRE Program. Mr. Noess responded that the risk-based CMEP processes would continue to work effectively for registered entities in the MRRE Program.

Key Compliance and Enforcement Metrics and Trends

Ms. Mendonça presented the current metrics showing the implementation of the risk-based CMEP, highlighting the increase in the number of registered entities participating in the self-logging program. She explained that the metrics are currently focused on consistent implementation and that future metrics would report on the effectiveness of the risk-based CMEP in assuring reliability.

Adjournment

There being no further business, and upon motion duly made and seconded, the meeting was adjourned at approximately 12:00 p.m. Eastern.

Submitted by,



Charles A. Berardesco
Corporate Secretary

Action Item(s):

- The transition advisory group will work with ERO Enterprise technical and executive management to address the six topics the implementation study and advisory group identified but which could not be appropriately addressed solely through guidance either submitted to the Standards Committee under Section 11 of the Standard Processes Manual or in another context.
- The Committee requested NERC staff provide a follow-up discussion regarding the timeline for CIP V5 guidance on low-impact requirements at the August Open Meeting.
- A report will be provided to the Committee at its May 2016 meeting with an update on the MRRE Program and whether revisions to the Rules of Procedure are necessary or appropriate