• Joint FERC/NERC announcement
• Issued March 18, 2020
• Three topics:
  - System Operators that are not NERC-certified
  - Missed periodic actions – acceptable noncompliance
  - Onsite activities postponed at least until July 31, 2020 (Extended to March 31, 2021)
• Link to Guidance
• Temporarily expands Self-Logging Program for COVID-19
• Key topics:
  ▪ All requirements and all registered entities
  ▪ Applies to minimal and moderate risk
  ▪ No further action for properly logged noncompliance
• Expires March 31, 2021
• Link to Guidance
• Video and audio conferencing supported successful off-site activities
• Tours/interviews of key personnel via secure web conferences and/or video communications
• Enhanced cross-coordination of expertise among ERO Enterprise
• Staff identifying and tracking where follow-up activity will be warranted post-pandemic
• Follow-up, as warranted, a key component of continued planning processes
• Successful use of technology and lessons learned may impact future activity planning and coordination
Questions and Answers
2021 Compliance Monitoring and Enforcement Program Implementation Plan

Steven Noess, Director, Regulatory Programs
Kiel Lyons, Senior Manager, Compliance Assurance
Compliance Committee Meeting
November 4, 2020
Purpose of the Compliance Monitoring and Enforcement Program (CMEP) Implementation Plan (IP)
- Annual CMEP-related operating plan for NERC and Regional Entities
- Implementation of risk-based approach for CMEP activities

Timeline
- NERC posts initial draft on or about September 1 of preceding year
- NERC final IP with links to regional schedules in November
- Updates may occur throughout year
• Risk Elements
  - Data-driven and expert judgement of ERO Enterprise staff
  - Use of ERO Enterprise publications
  - Identify and prioritize continent, interconnection, and region-wide risks to the reliability of the BPS
  - Not a representation of all important Reliability Standard requirements or risks for registered entities
• CMEP staff intended use
  ▪ Focus compliance monitoring and enforcement activities
  ▪ Messaging to industry on areas of emphasis for CMEP activities

• Registered entity intended use
  ▪ Used in conjunction with entity-specific COP
  ▪ Consideration in compliance operations focus
  ▪ Enhance internal controls
• Used the enhanced, easier-to-use format introduced in the 2020 CMEP IP

• Risk Elements reflect a combined ERO Enterprise view
  ▪ Focused to increase relevance to impacted registered entities
  ▪ Reflects high level priorities for CMEP
  ▪ Relevance based on registered entity’s facts and circumstances
• COVID-19
  ▪ Summary of industry guidance
  ▪ Prioritize monitoring activities and risks that benefit the most from on-site components when conditions allow
  ▪ Risks reflected in Risk Element write-ups
  ▪ ERO Enterprise may consider reviewing requirements related to personnel training
<table>
<thead>
<tr>
<th>2020 Risk Elements</th>
<th>2021 Risk Elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management of Access and Access Controls</td>
<td>Remote Connectivity and Supply Chain</td>
</tr>
<tr>
<td>Insufficient Long-Term and Operations Planning Due to</td>
<td>Poor Quality Models Impacting Planning and Operations</td>
</tr>
<tr>
<td>Inadequate Models</td>
<td></td>
</tr>
<tr>
<td>Loss of Major Transmission Equipment with Extended Lead</td>
<td>Loss of Major Transmission Equipment with Extended Lead</td>
</tr>
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<td>Times</td>
<td>Times</td>
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<tr>
<td>Inadequate Real-time Analysis During Tool and Data Outages</td>
<td>Inadequate Real-time Analysis During Tool and Data Outages</td>
</tr>
<tr>
<td>Improper Determination of Misoperations</td>
<td>Determination and Prevention of Misoperations</td>
</tr>
<tr>
<td>Gaps in Program Execution</td>
<td>Gaps in Program Execution</td>
</tr>
<tr>
<td>Texas RE: Resource Adequacy</td>
<td></td>
</tr>
</tbody>
</table>
• 2021 ERO Enterprise CMEP IP Draft 1:
Questions and Answers
Facility Ratings Activities

Steven Noess, Director, Regulatory Programs
Kiel Lyons, Senior Manager, Compliance Assurance
Compliance Committee Meeting
November 4, 2020
• CMEP activities indicated widespread discrepancies
  ▪ Documented Facility Ratings versus actual field conditions
  ▪ Many are significant, causing increased risk to bulk power system reliability
  ▪ Performance correlation between strong entity controls and proactive field validation
• CMEP Implementation Plan (Gaps in Program Execution)
• CMEP staff coordination and training
• ERO Enterprise CMEP Practice Guide (published Q2 2020)
• ERO Enterprise outreach (workshops, newsletters)
Gaps in Program Execution

• 2021 Risk Element

  ▪ Change management weaknesses have also led to significant violations related to Facility Ratings ... Some registered entities have Facility Ratings based on inaccurate equipment inventories, or ratings are not being updated during projects or following severe weather. Where records are not kept up to date, inaccurate models and damaged equipment can result.

<table>
<thead>
<tr>
<th>Standards</th>
<th>Requirements</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIP-010-3</td>
<td>R1</td>
<td>Ensuring entities maintain complex programs which handle large amounts of data, e.g., accurate inventories of equipment, following asset transfers, addition of new equipment, etc.</td>
</tr>
<tr>
<td>FAC-003-4</td>
<td>R1, R2, R3, R6, R7</td>
<td></td>
</tr>
<tr>
<td>FAC-008-3</td>
<td>R6</td>
<td></td>
</tr>
<tr>
<td>PRC-005-6</td>
<td>R3</td>
<td></td>
</tr>
</tbody>
</table>
Ongoing Facility Ratings Conversation

Facility Ratings

- CMEP Practice Guide
- ERO Enterprise Outreach
- CCC Facility Ratings TF
- CMEP Staff Coordination
- Coordination with FERC
- Coordination with NATF

Area of Focus
Engagement with Registered Entities

- Ongoing ERO Enterprise coordination with:
  - NATF
  - FERC
  - CCC Facility Ratings Task Force

- Ongoing input through various ERO Enterprise activities
  - Outreach
  - Compliance monitoring
  - Enforcement

- Coordination with RSTC
Engagement with Registered Entities

- Common understanding of problem statement and risk
- Avoid duplication of efforts
- Encourage registered entities to develop their own approach for self-assessment and risk-based prioritization
- Tie between corporate level controls and senior management involvement/understanding with successful management of programs
  - Not limited to Facility Ratings
- Next steps: Ongoing collaboration on addressing problem statement through 2021
Questions and Answers
BOTCC Priorities

• Align Tool and Secure Evidence Locker

• Awareness of CMEP Activities in North America

• Prioritization of Critical Infrastructure Protection

• Operations and Planning Risks

• Streamlining
• One of the principal areas of noncompliance in all the Regional Entities
  ▪ Management of access
  ▪ Human performance gaps in program execution

• Heightened focus on sharing best practices
  ▪ Noncompliance reduction strategies
  ▪ CIP continuous performance improvement by registered entities
  ▪ Regional Entity Assist Teams best practices
  ▪ ERO Enterprise collaboration and sharing
• Supply Chain Small Group Advisory Sessions FAQ

• NIST Cyber Security Framework / NERC CIP Mapping
  ▪ [https://www.nerc.com/pa/comp/CAOneStopShop/NIST%20CSF%20v1.1%20to%20NERC%20CIP%20FINAL.XLSX](https://www.nerc.com/pa/comp/CAOneStopShop/NIST%20CSF%20v1.1%20to%20NERC%20CIP%20FINAL.XLSX)

• Joint FERC NERC Supply Chain White Paper

• Two Cloud BCSI Table Tops
  ▪ Microsoft and CIWG Supported

• CCC Supply Chain Task Force
• Remote Connectivity
  ▪ Vendor
  ▪ Third party Control Centers
  ▪ Trust third parties

• Supply Chain
  ▪ Global risks
  ▪ Foreign vendor component risk
  ▪ Large impact
Self-Reporting remains high, helping speed mitigation and reduce risk
The majority of noncompliance continues to be processed as Compliance Exceptions
Moderate and serious risk noncompliance remain a small portion of all filed noncompliance.
Questions and Answers