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NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Multi-Region Registered Entity Coordinated Oversight Program

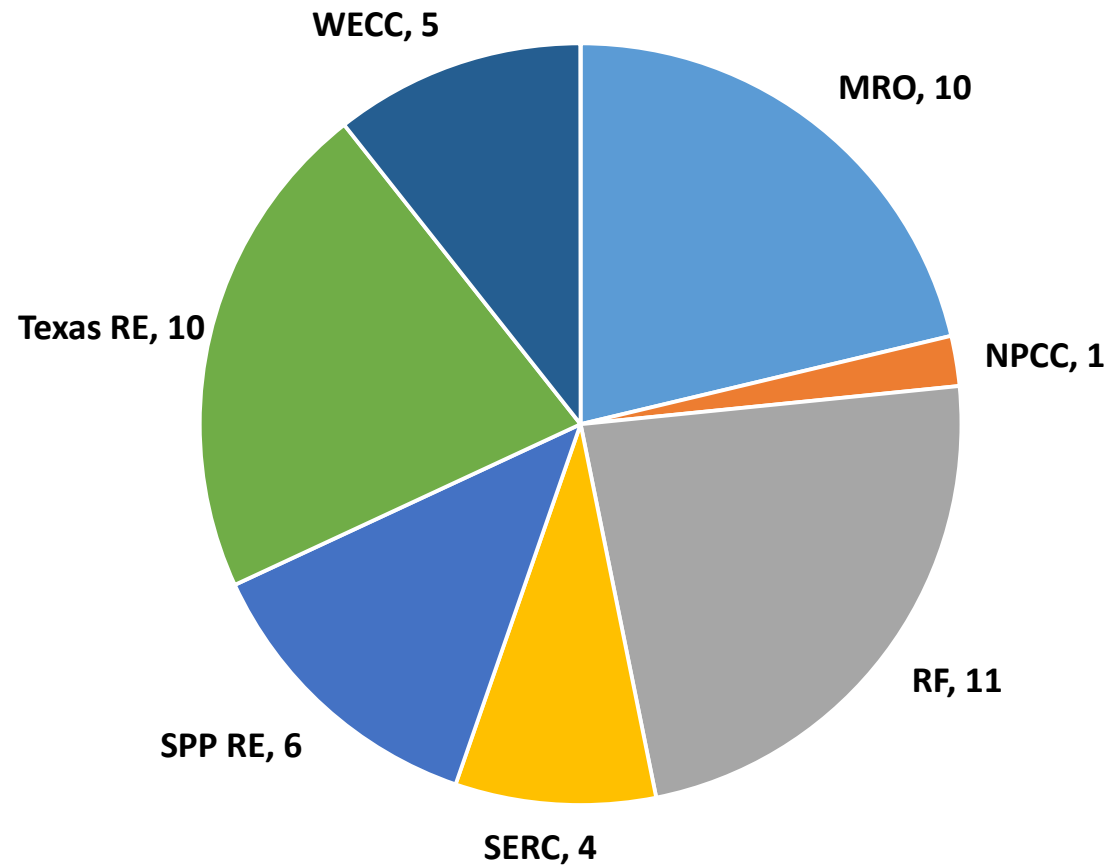
Ken McIntyre, Vice President and Director of Standards and Compliance
Compliance Committee Open Meeting
February 7, 2018

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- The Coordinated Oversight Program (Program) is designed to streamline Electric Reliability Organization (ERO) Enterprise activities for the registered entities that use, own, or operate assets in areas covering more than one Regional Entity's (RE's) territory.
- The intention is to increase efficiency and eliminate unnecessary duplication of administrative tasks.
- Lead REs (LREs) and Affected REs collaborate toward effective, consistent, and efficient implementation of the Program.

- 47 Multi-Region Registered Entity (MRRE) Groups in Coordinated Oversight (231 registered entities)



Distribution of 47 MRRE Groups by LRE

- 2016 MRRE survey for registered entities in Coordinated Oversight
 - Support and encouragement for program success
 - 97 percent overall program satisfaction
 - Opportunities
 - Establish expectations
 - Coordination and communication

- ERO Enterprise Guide for MRREs in Coordinated Oversight
- Templates
 - MRRE Spot-Check and Audit Notification Letter
 - MRRE Spot-Check and Audit Report
- Periodic data submittal schedule
- MRRE monitoring engagement schedule
- 2017 follow-up survey
- Outreach
 - 2017 Standards and Compliance Workshop
 - Frequently Asked Questions

- Appreciation for the increased coordinating efforts
 - 98 percent overall program satisfaction
- Opportunities
 - Inherent Risk Assessment coordination
 - Coordinated, seamless data submittal
 - Self-Report
 - Periodic data submittals
 - Stakeholder communications and education

- Public posting of Coordinated Oversight procedure
- Continued training for ERO Enterprise staff
- Include MRRE-specific questions in post-audit feedback survey
- Industry outreach
- NERC Oversight



Questions and Answers

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2017 Compliance Monitoring and Enforcement Program Annual Report

Andrea Koch, Senior Director of Reliability Assurance

Sonia Mendonca, Vice President, Acting General Counsel and Corporate Secretary, and
Director of Enforcement

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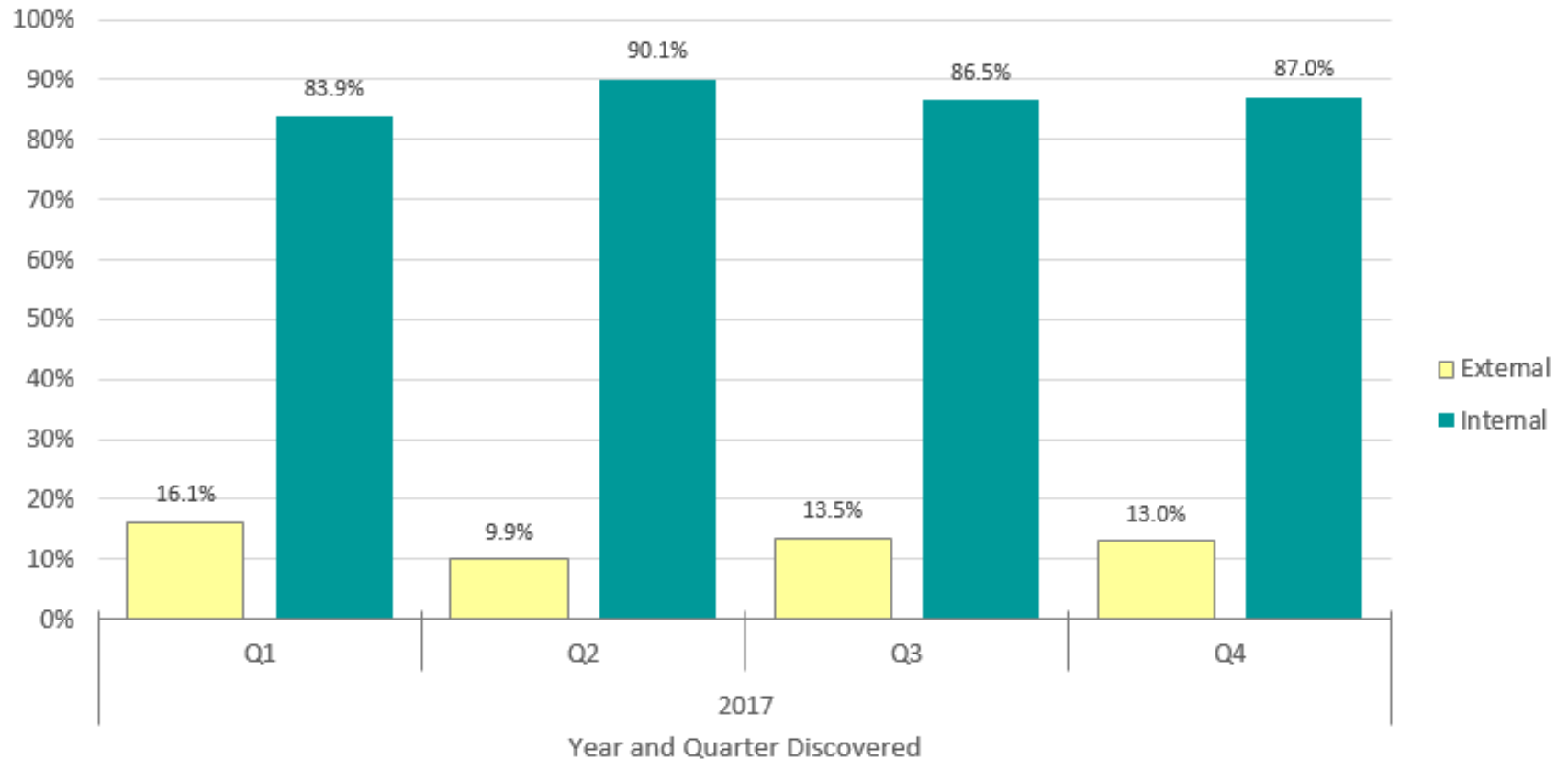
- Inherent Risk Assessment (IRA)
 - Regional Entities (REs) completed IRAs for 80 percent of all registered entities.
 - IRAs are complete for all Reliability Coordinators, Balancing Authorities, and Transmission Operators.
- Internal Controls
 - Enhanced Internal Controls Guide
 - Standardized approach for documenting reviews
 - Outreach

- 2018 Compliance Monitoring and Enforcement Program (CMEP) Implementation Plan (IP)
 - Eight risk elements
 - CMEP IP posted in September
 - Regional IPs posted in November
 - 2019 CMEP IP enhancements
- Program Alignment
 - Issues and Recommendations Tracking
 - Regional Program Information Matrix
 - Consistency Reporting Tool
 - Outreach

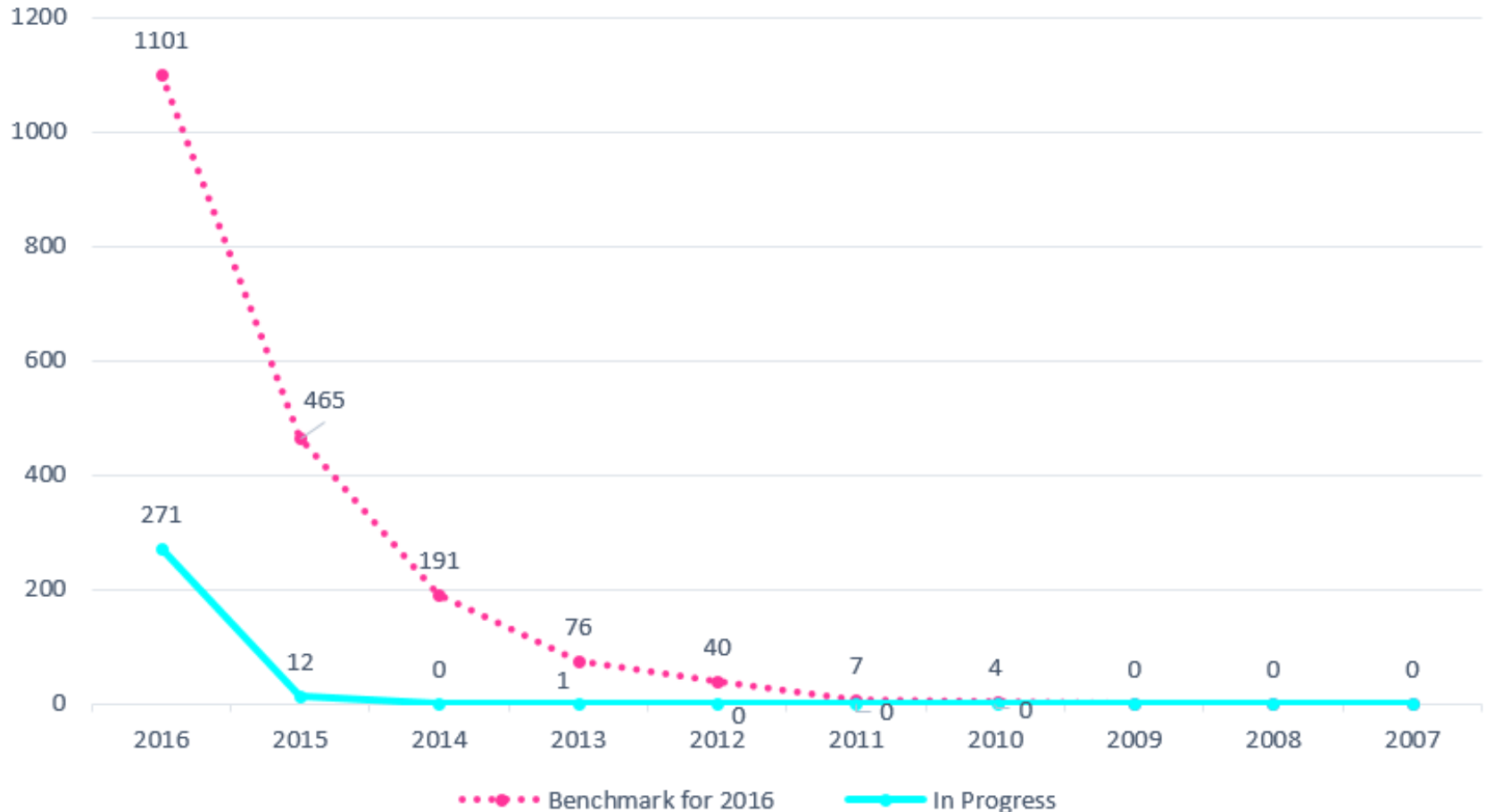
- Implementation Guidance
 - 20 Endorsed, 10 Non-endorsed, 1 Retired, and 10 Open
- New Pre-qualified Organization request
- Legacy Guidance Documents
- Outreach

- Electric Reliability Organization (ERO) Enterprise Program Alignment Process
- Coordinated Oversight of Multi-Region Registered Entities (MRREs)
- Internal Controls
- CMEP IP
- CMEP Technology Project

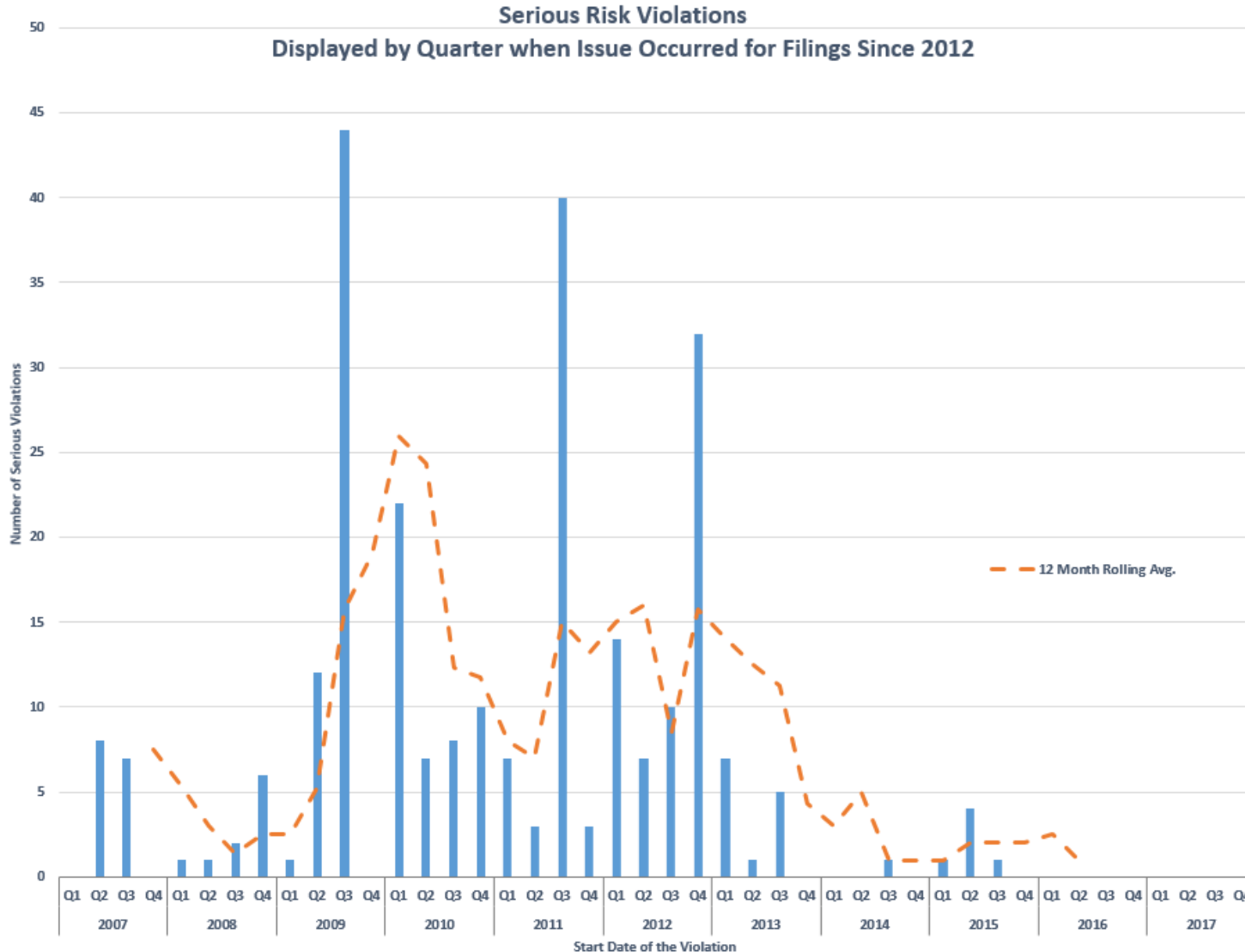
Percent Internal and External Discovery

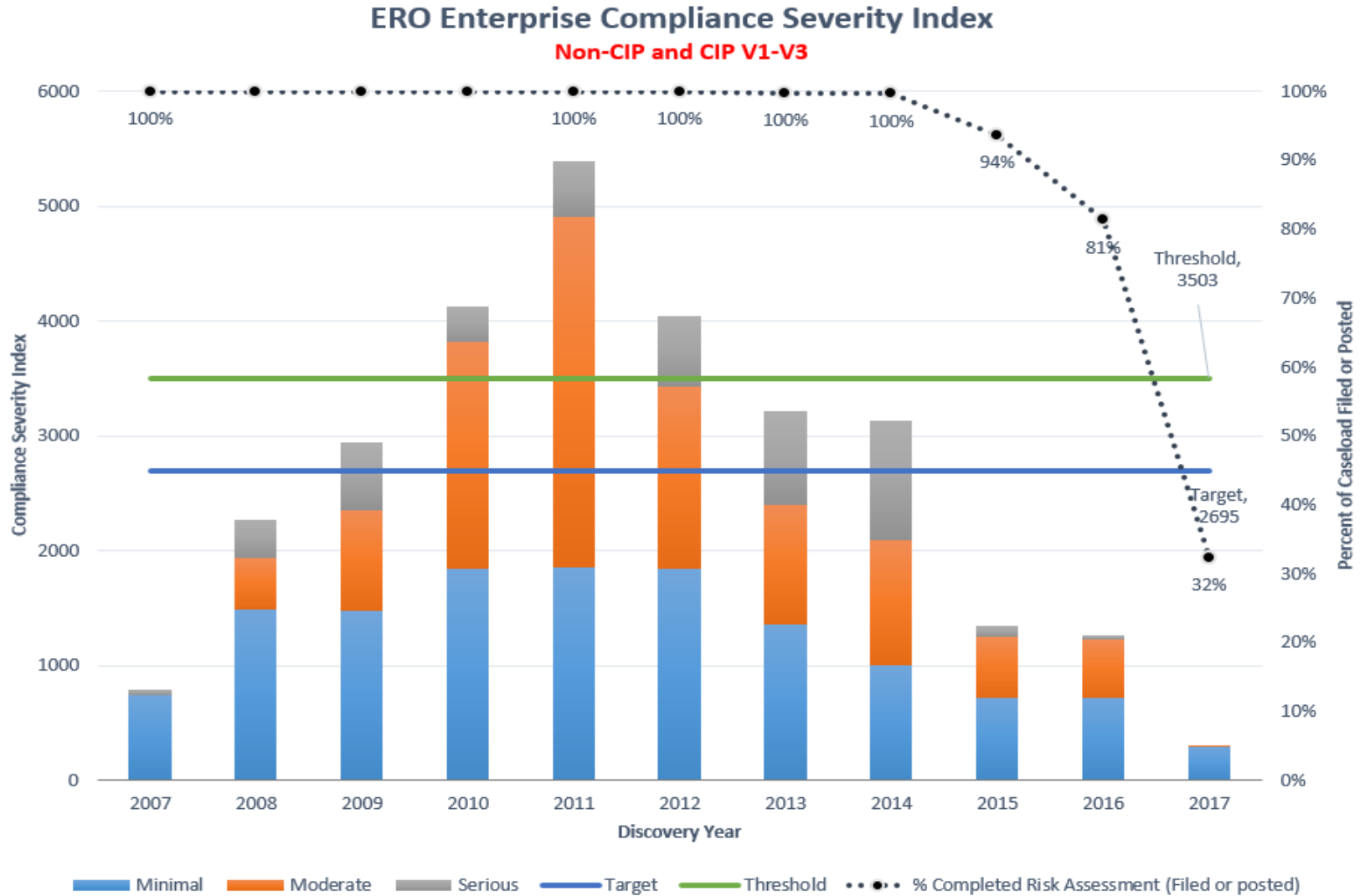


Mitigation Completion Status for Pre-2017 Cases

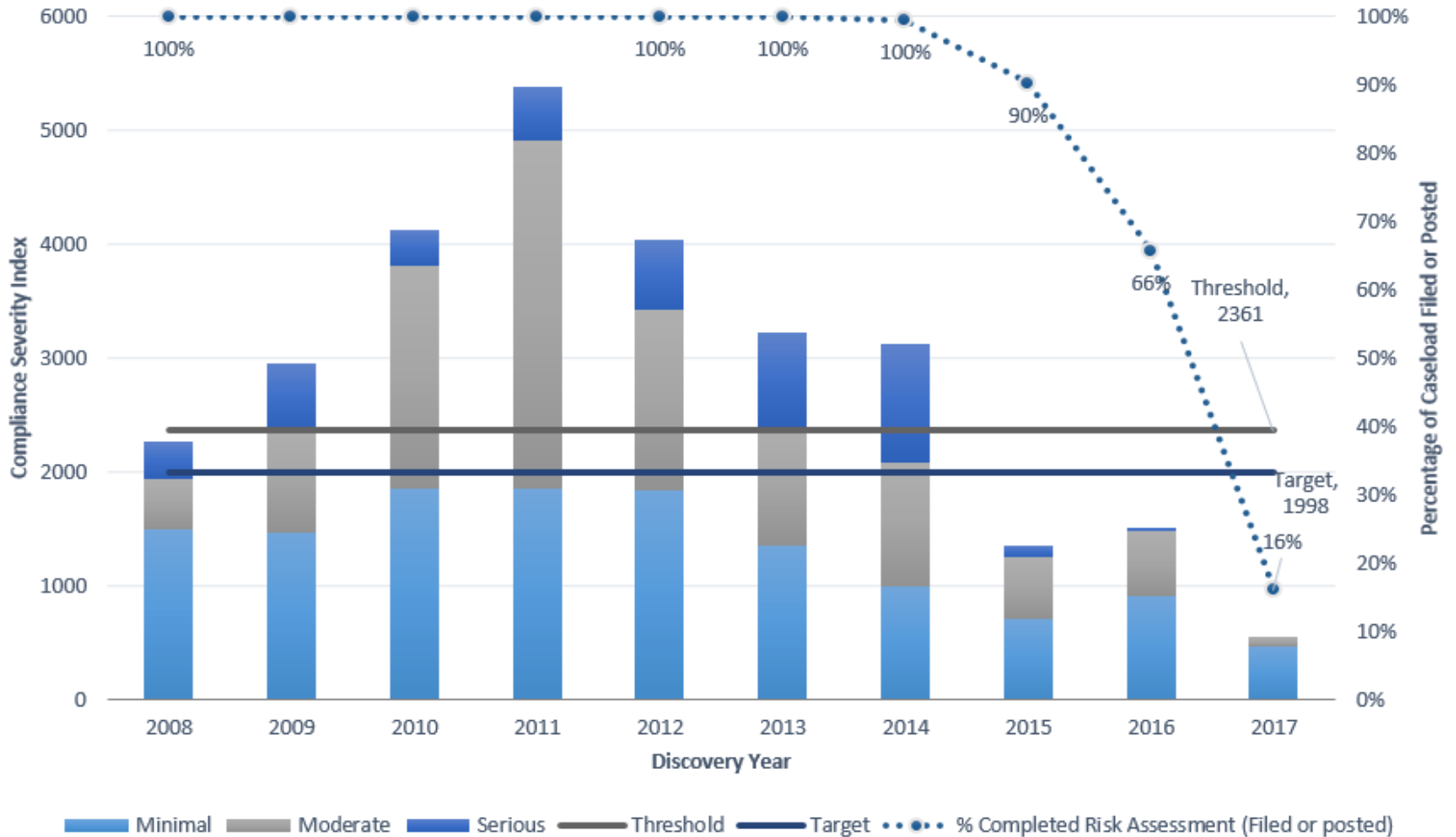


Serious Risk Violations Remain a Small Percentage of the Total

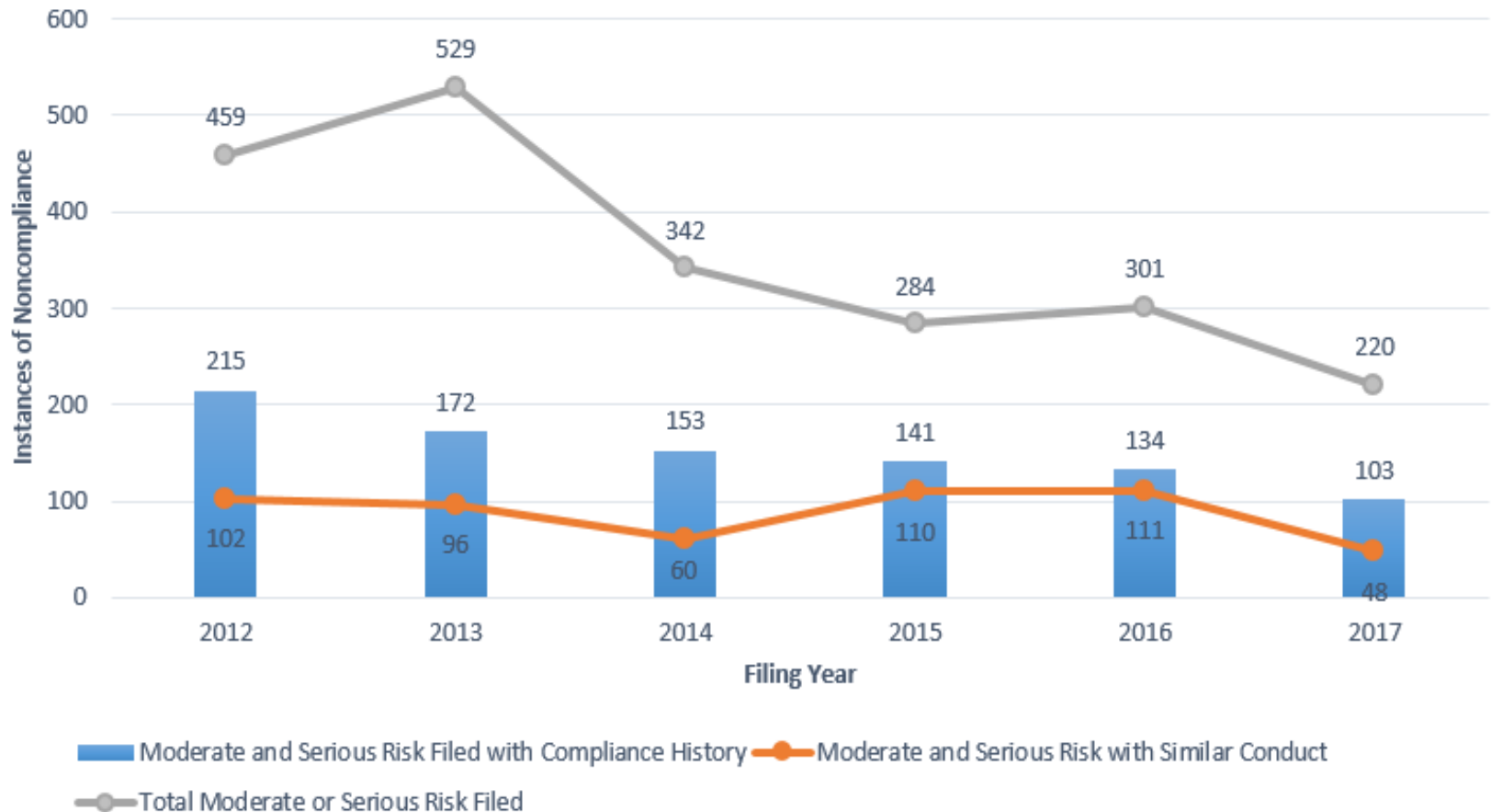




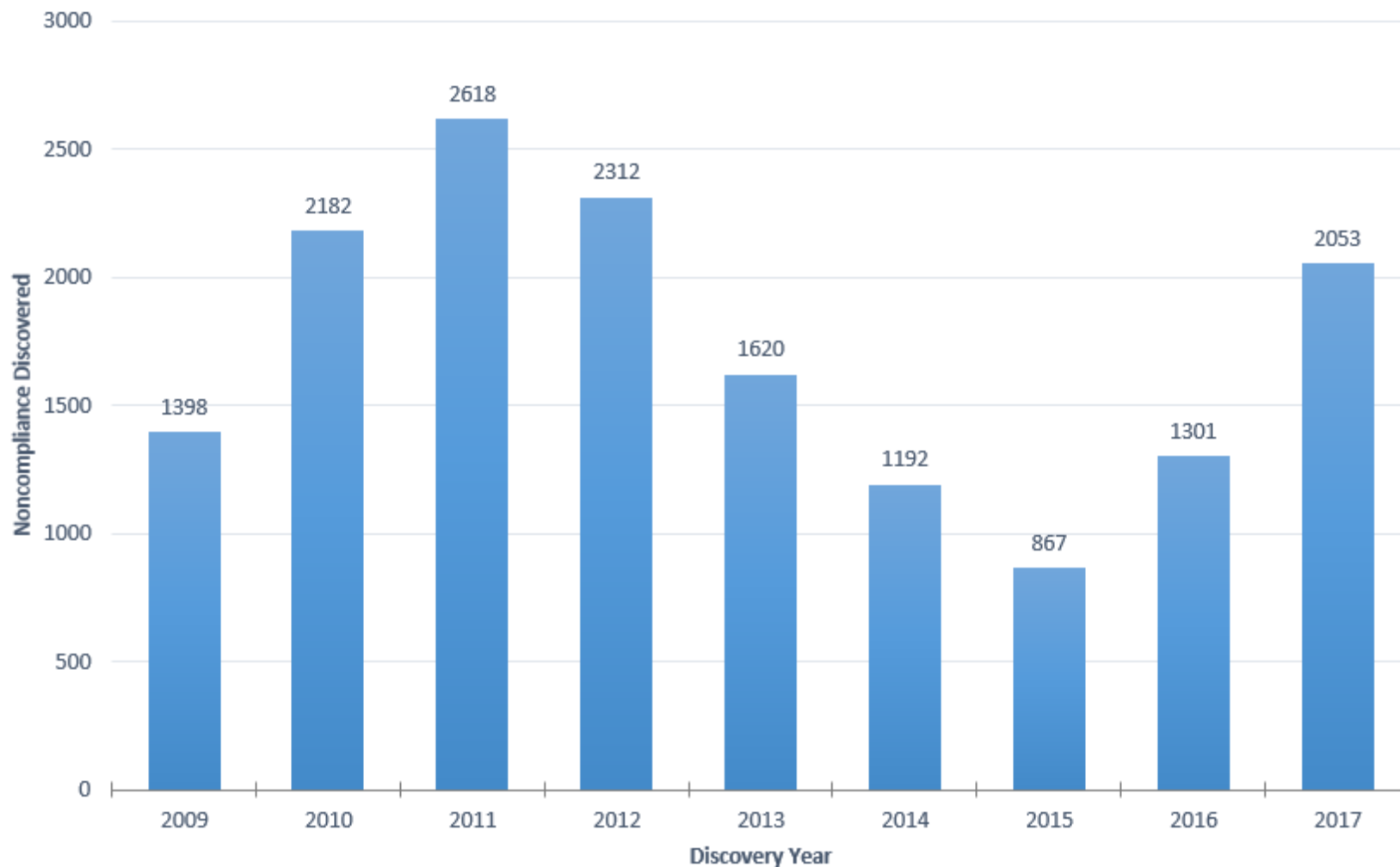
ERO Enterprise Compliance Severity Index CIP Only (All Versions)



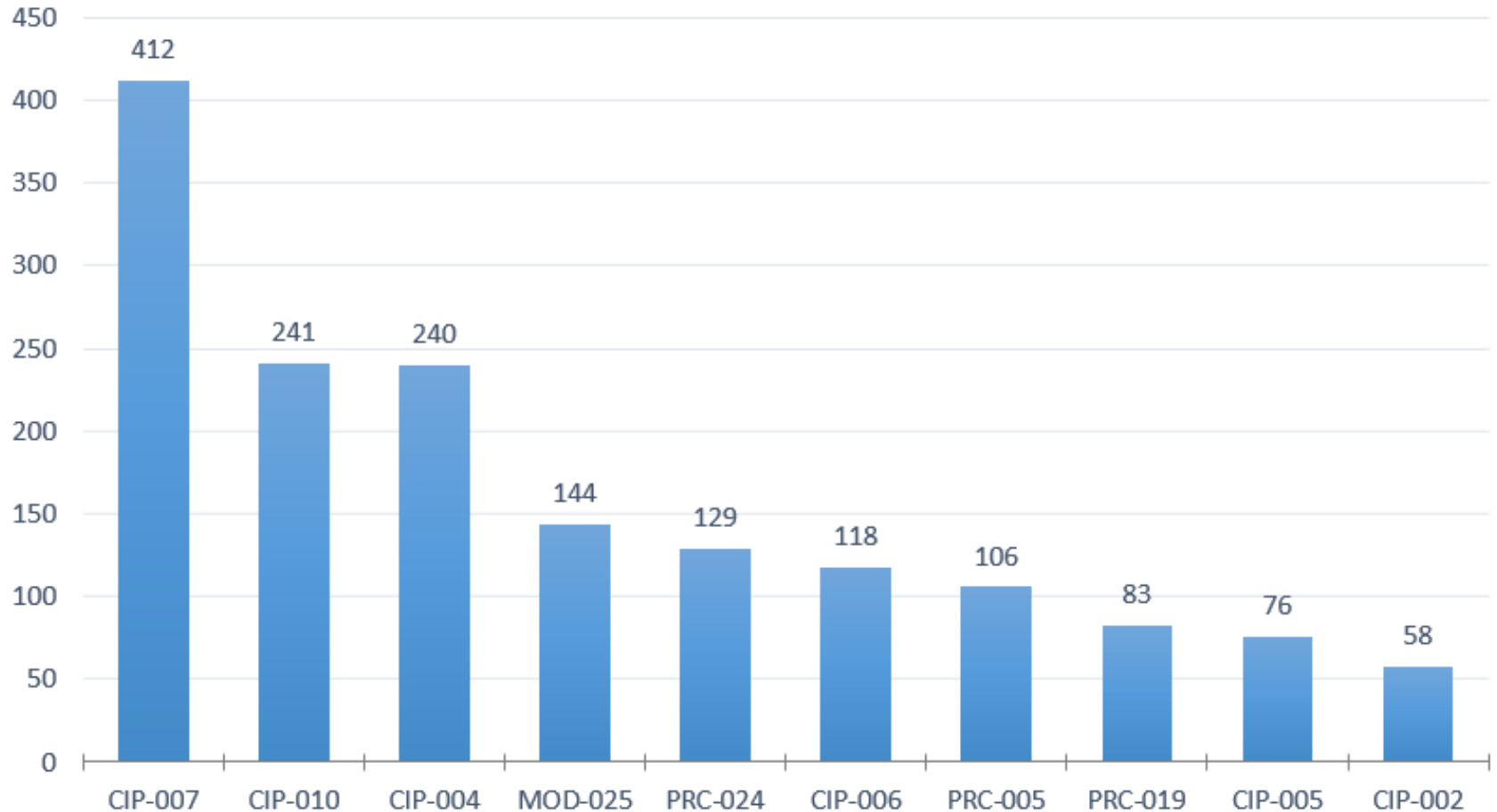
Compliance History for Moderate and Serious Risk Noncompliance



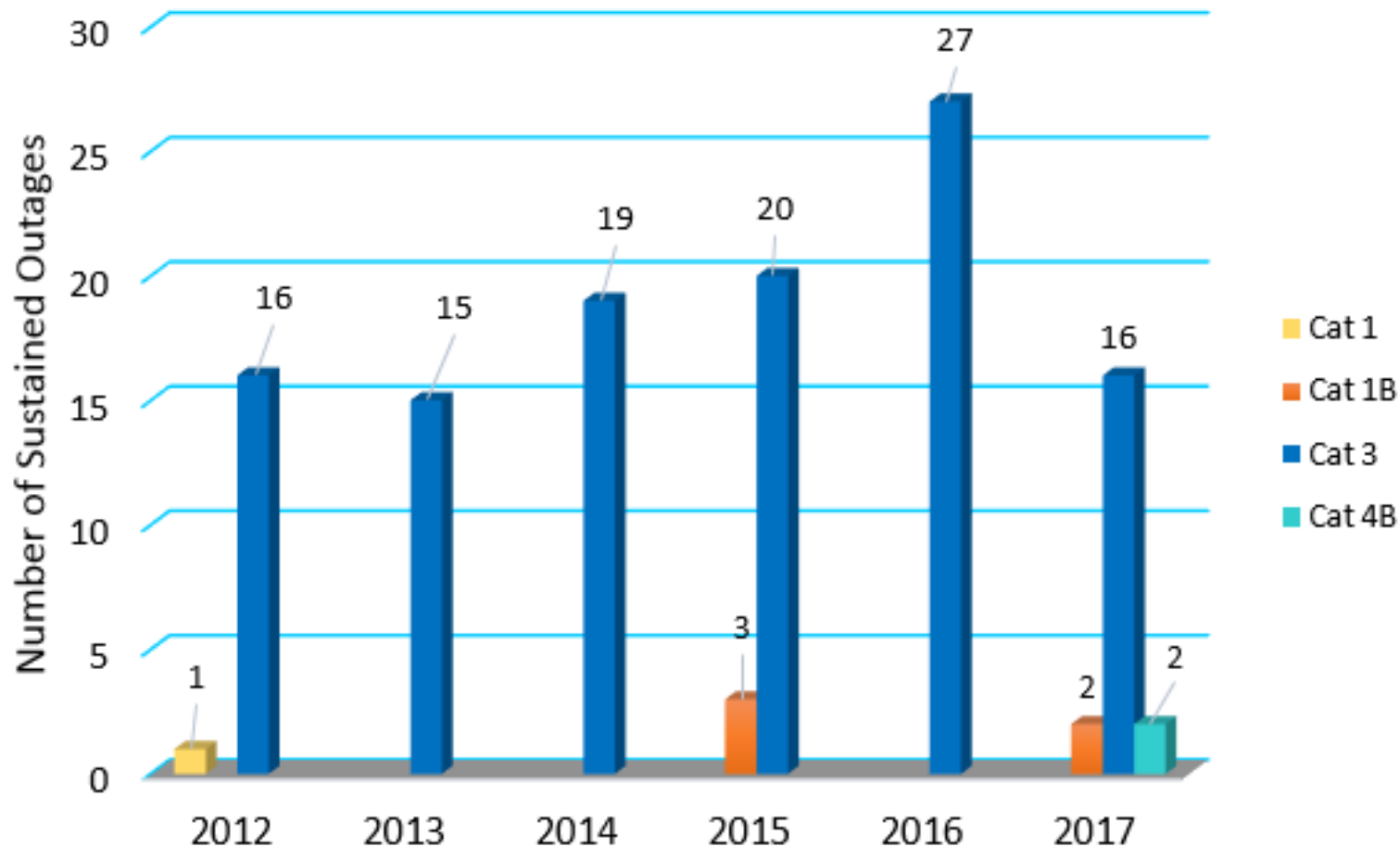
Noncompliance Discovered by Year



Most Violated Standards in 2017



Number of Sustained Outages by Category





Questions and Answers