Multi-Region Registered Entity
Coordinated Oversight Program

Ken McIntyre, Vice President and Director of Standards and Compliance
Compliance Committee Open Meeting
February 7, 2018
• 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)
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
2016 and 2017 Key Activities

- 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
    o Self-Report
    o 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
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
Compliance Committee Open Meeting
February 7, 2018
Compliance Monitoring Highlights

• 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
2018 Priorities

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

Percent Internal and External Discovery

- Q1: 83.9% Internal, 16.1% External
- Q2: 90.1% Internal, 9.9% External
- Q3: 86.5% Internal, 13.5% External
- Q4: 87.0% Internal, 13.0% External
Continued Progress in Mitigation

Mitigation Completion Status for Pre-2017 Cases

- Benchmark for 2016
- In Progress
Serious Risk Violations Remain a Small Percentage of the Total

Serious Risk Violations
Displayed by Quarter when Issue Occurred for Filings Since 2012

Number of Serious Violations

Start Date of the Violation

Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4
NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Compliance Severity Risk Index

ERO Enterprise Compliance Severity Index
Non-CIP and CIP V1-V3

Compliance Severity Index

Discovery Year


Percent of Casebad Filed or Posted

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Threshold, 3503
Target, 2695
32%

Mineral Moderate Serious Target Threshold % Completed Risk Assessment (Filed or posted)
Repeat Violations Tрендed Down

Compliance History for Moderate and Serious Risk Noncompliance

- **Instances of Noncompliance**
  - 2012: 215
  - 2013: 172
  - 2014: 153
  - 2015: 141
  - 2016: 134
  - 2017: 103

- **Filing Year**
  - 2012
  - 2013
  - 2014
  - 2015
  - 2016
  - 2017

- **Graph Legend**
  - Blue: Moderate and Serious RiskFiled with Compliance History
  - Orange: Moderate and Serious Risk with Similar Conduct
  - Gray: Total Moderate or Serious Risk Filed
Trends to Watch: Increase in New Noncompliance

Noncompliance Discovered by Year

- 2009: 1398
- 2010: 2182
- 2011: 2618
- 2012: 2312
- 2013: 1620
- 2014: 1192
- 2015: 867
- 2016: 1301
- 2017: 2053
Trends to Watch:
Most Violated Standards

Most Violated Standards in 2017

- CIP-007: 412
- CIP-010: 241
- CIP-004: 240
- MOD-025: 144
- PRC-024: 129
- CIP-006: 118
- PRC-005: 106
- PRC-019: 83
- CIP-005: 76
- CIP-002: 58
Trends to Watch: Vegetation Contacts

Number of Sustained Outages by Category

- **Cat 1**: 1, 1, 1, 3, 2, 2
- **Cat 1B**: 16, 15, 19, 20, 27, 16
- **Cat 3**
- **Cat 4B**
Questions and Answers