

Summary of 2015 Board of Trustees Compliance Committee Survey

Compliance Committee Meeting
February 10, 2016

RELIABILITY | ACCOUNTABILITY

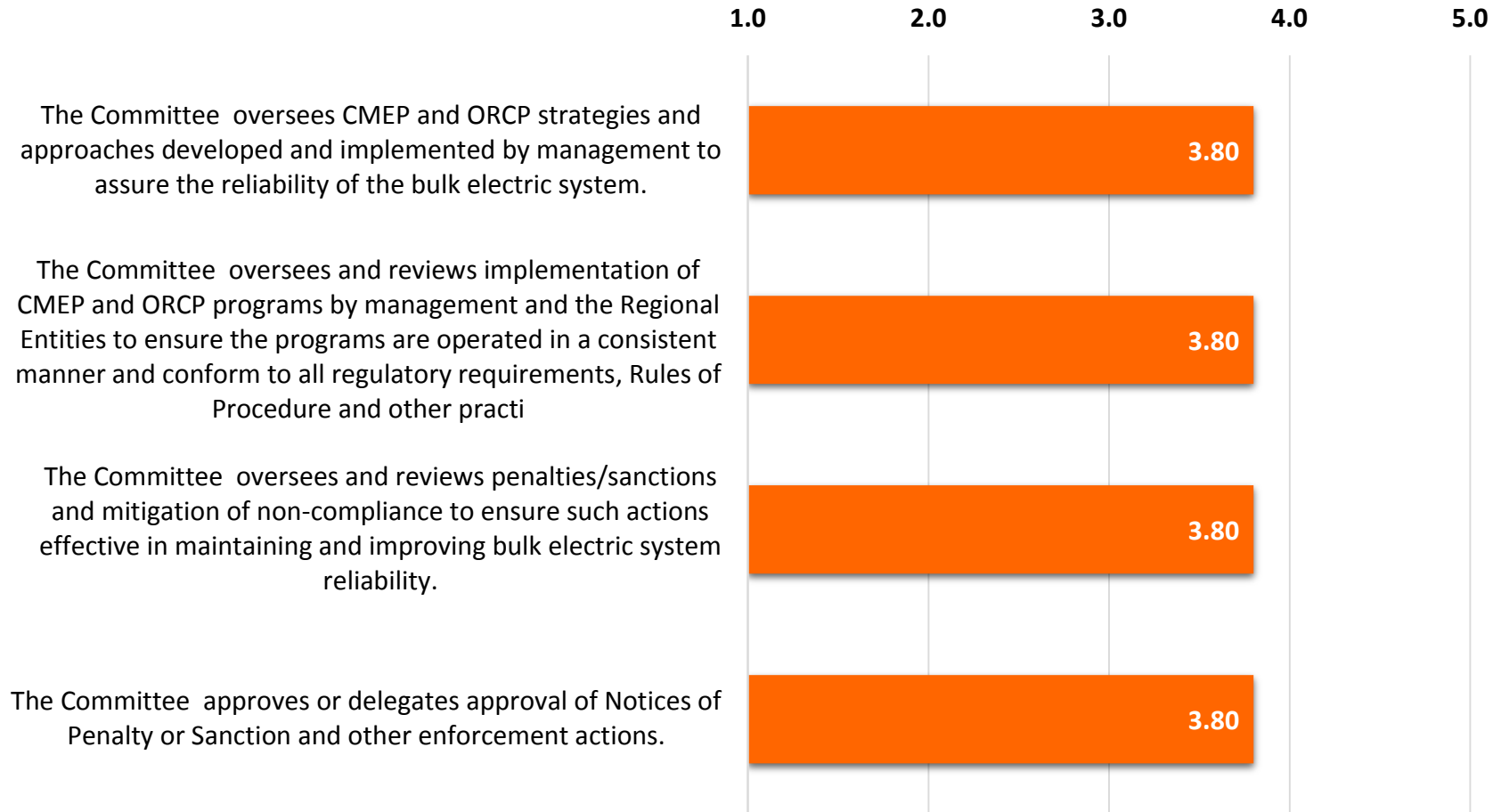


- NERC engaged TalentQuest to conduct its annual Board of Trustees Compliance Committee Survey through an online methodology.
- The Compliance Committee survey was administered from November 10 to December 18, 2015, to a total of five Committee members.
- Five Committee members responded to the survey.
 - 100% response rate

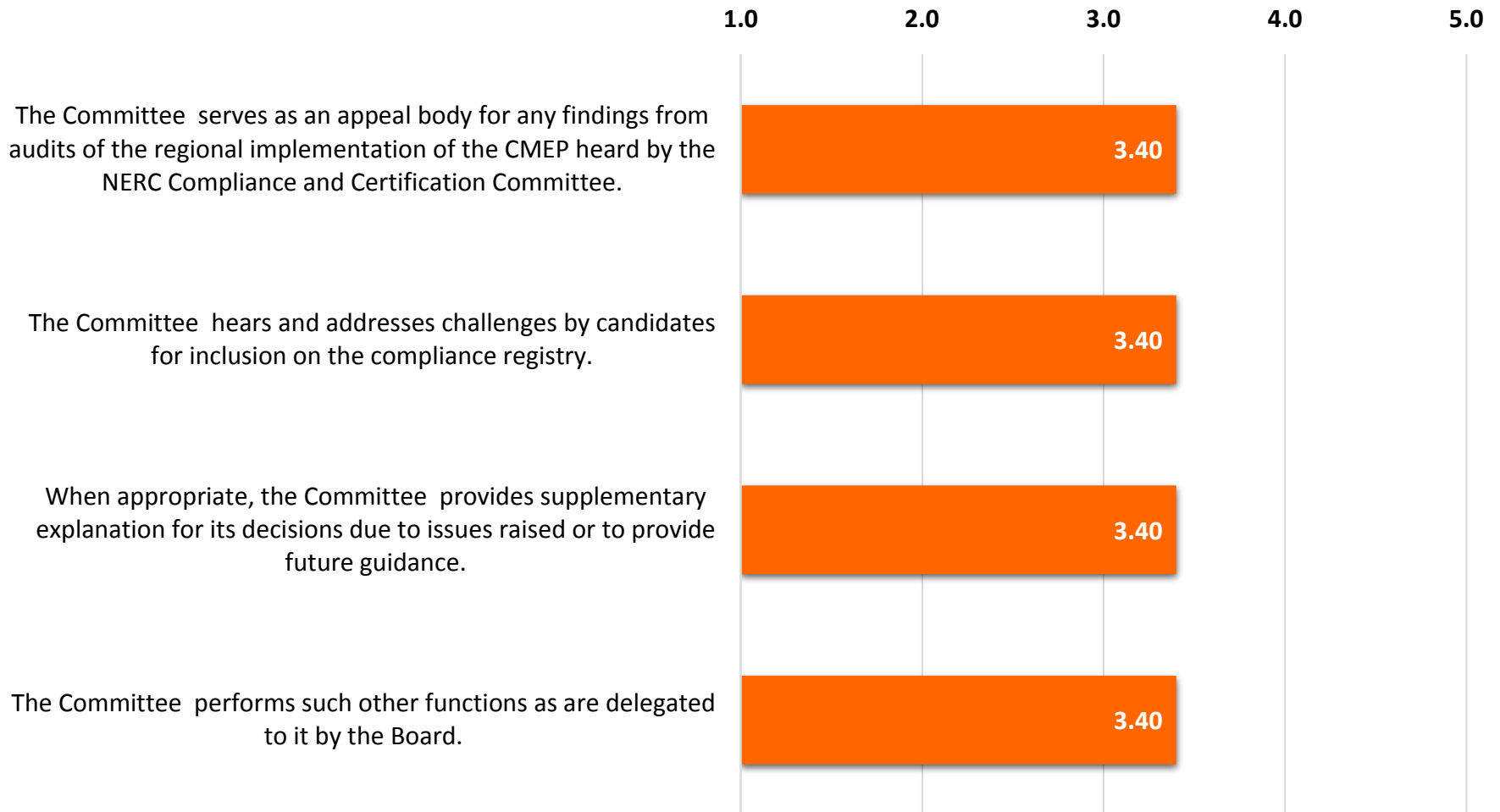
- Respondents were asked to rate items on scale of 1 to 5 to indicate their evaluation for each rated item.
 - 1 = Needs Prompt Attention (“unacceptable performance”)
 - 2 = Below Expectations (“performance area with opportunity for improvement”)
 - 3 = Meets Expectations (“meets the required standard of performance”)
 - 4 = Exceeds Expectations (“exceeds the required standard of performance”)
 - 5 = Outstanding (“far exceeds the required standard of performance”)
- Additional items were evaluated by selection of “Yes” or “No” to indicate agreement or disagreement.
- For any item rated “1” (Needs Prompt Attention), “2” (Below Expectations), or “No”, mandatory comments were required to explain the rationale for the rating or selection.

- The overall Compliance Committee survey average was 3.59, with item averages ranging from 3.40 to 3.80.
- Given the lowest item averages are well above 3.00, the Compliance Committee is seen to be operating at expectations or higher.

Compliance Committee Highest Rated Items



Compliance Committee Lowest Rated Items



- Across all Committee surveys, four “Yes/No” items were asked in regards to Committee functioning. Each Committee, including the Compliance Committee, rated these items with a 100% response of “Yes”:
 - The number of Committee meetings is appropriate.
 - The size of the Committee is appropriate.
 - The information provided in support of the agenda is appropriate and available in a timely manner in advance of Committee meetings.
 - The Committee Chair manages meetings efficiently to allow for open, equal, and sufficient discussion and construction input on important issues.



Questions and Answers

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CIP Standards and Compliance Update

Steven Noess, Director of Compliance Assurance, NERC
Howard Gugel, Director of Standards, NERC
Maggy Powell, NERC Compliance Management, Exelon
Board of Trustees Compliance Committee Meeting
February 10, 2016

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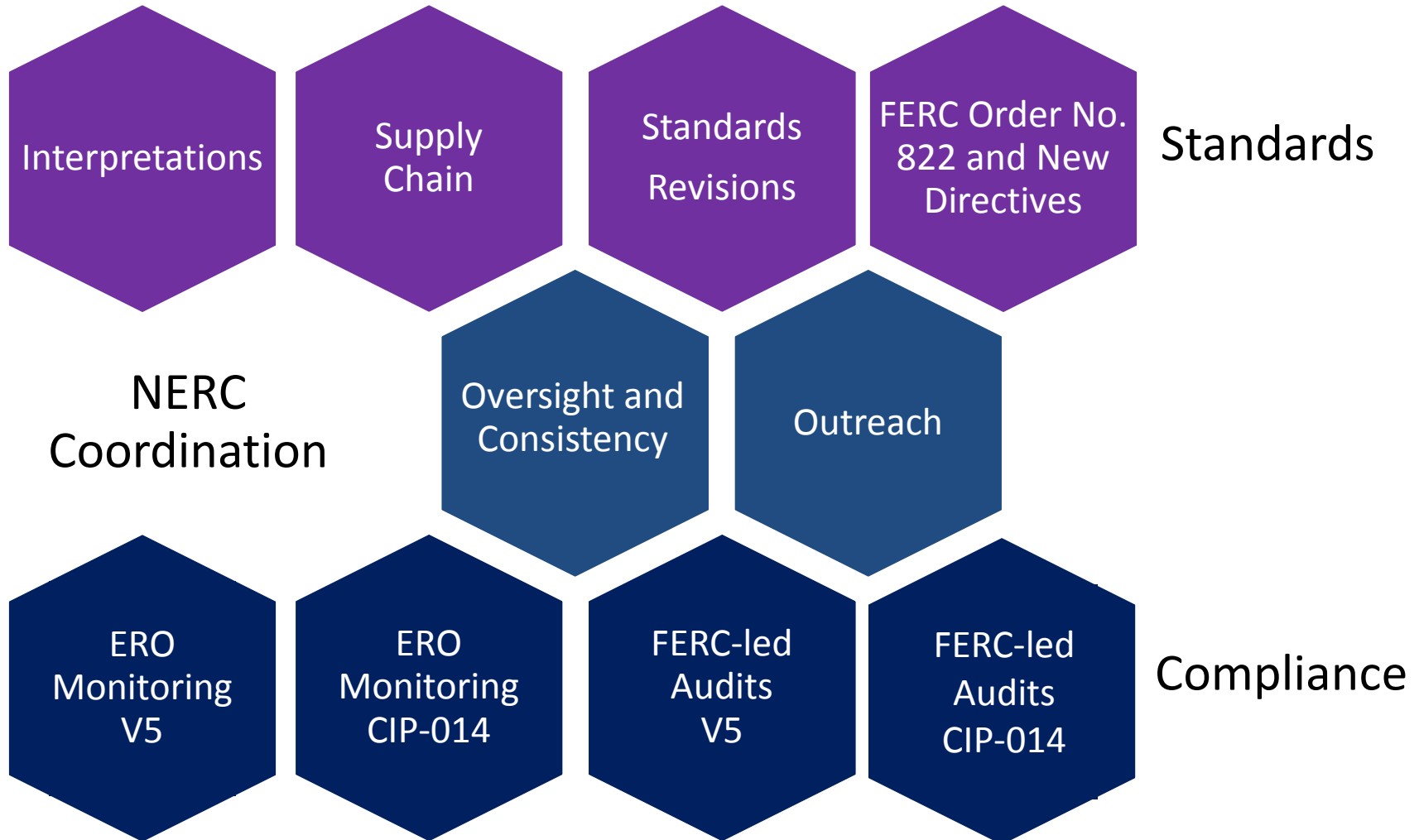


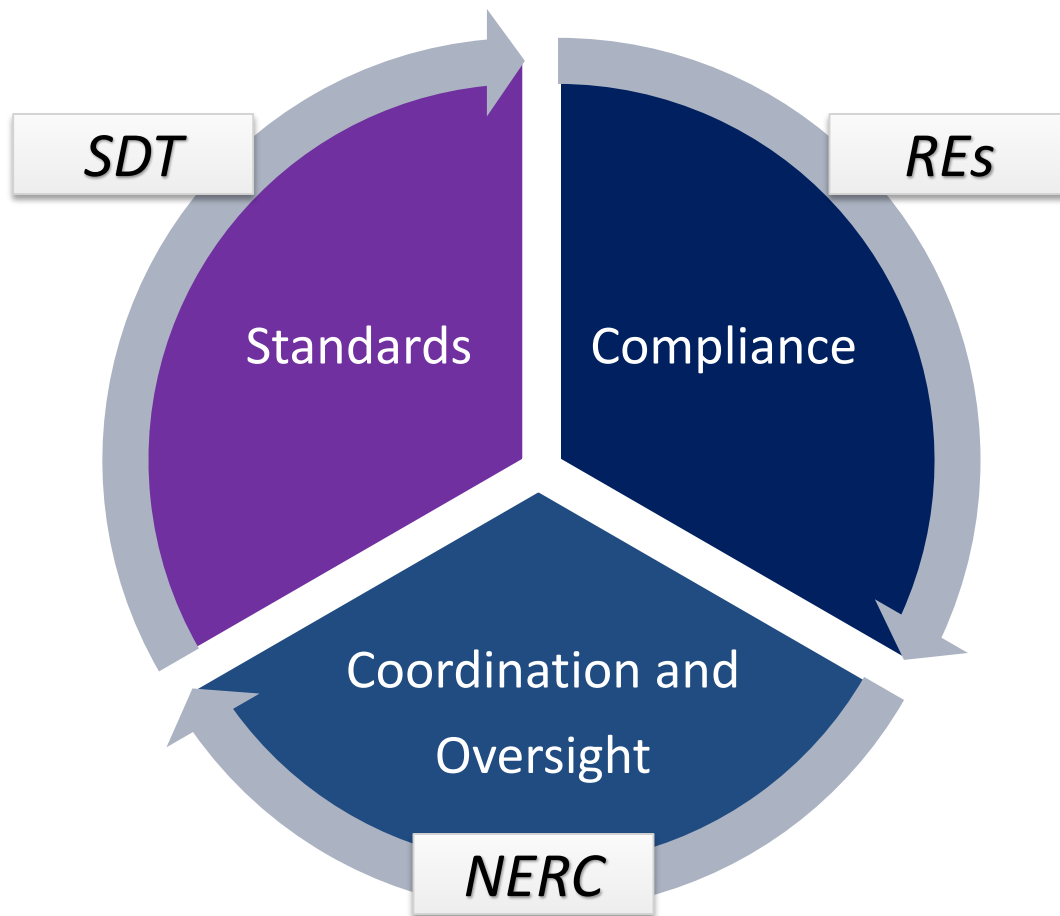
- January - Supply Chain Technical Conference
- FERC Order No. 822 and New Directives
- Industry initiated standards development
- Interpretations
- FERC Audits
- NERC initial oversight plans for CIP V5 and CIP-014 (CMEP IP)

- Approved revisions to seven CIP Reliability Standards
- Directed NERC to develop modifications:
 - Transient electronic devices
 - Communication network components between control centers
 - Low-impact external routable connectivity
- The effectiveness of remote access controls
- Does not address supply chain management

- Activities
 - January Webinar
- Project Plan and Scope
 - TO Control Center
 - BES Cyber Assets/Programmable Devices
 - Virtualization
 - External Routable Connectivity
- Next Steps

- Certain TO control centers pose lower risk than “medium impact” contemplates
- Tailored interim solution during standards development





“aware, informed and engaged”

Requests for Interpretation

- CIP-007-5
- CIP-002-5.1

V5 Transition Team Issues Identified

- CA and BCA Definitions
- Network and Externally Accessible Devices
- TO Control Centers
- Virtualization

Order 822 Directives

- Low Impact External Routable Connectivity
- Control Center Communication
- TD at Lows



Questions and Answers

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2015 ERO Enterprise Compliance Monitoring and Enforcement Program Annual Report

Sonia Mendonça, VP of Enforcement and Deputy General Counsel

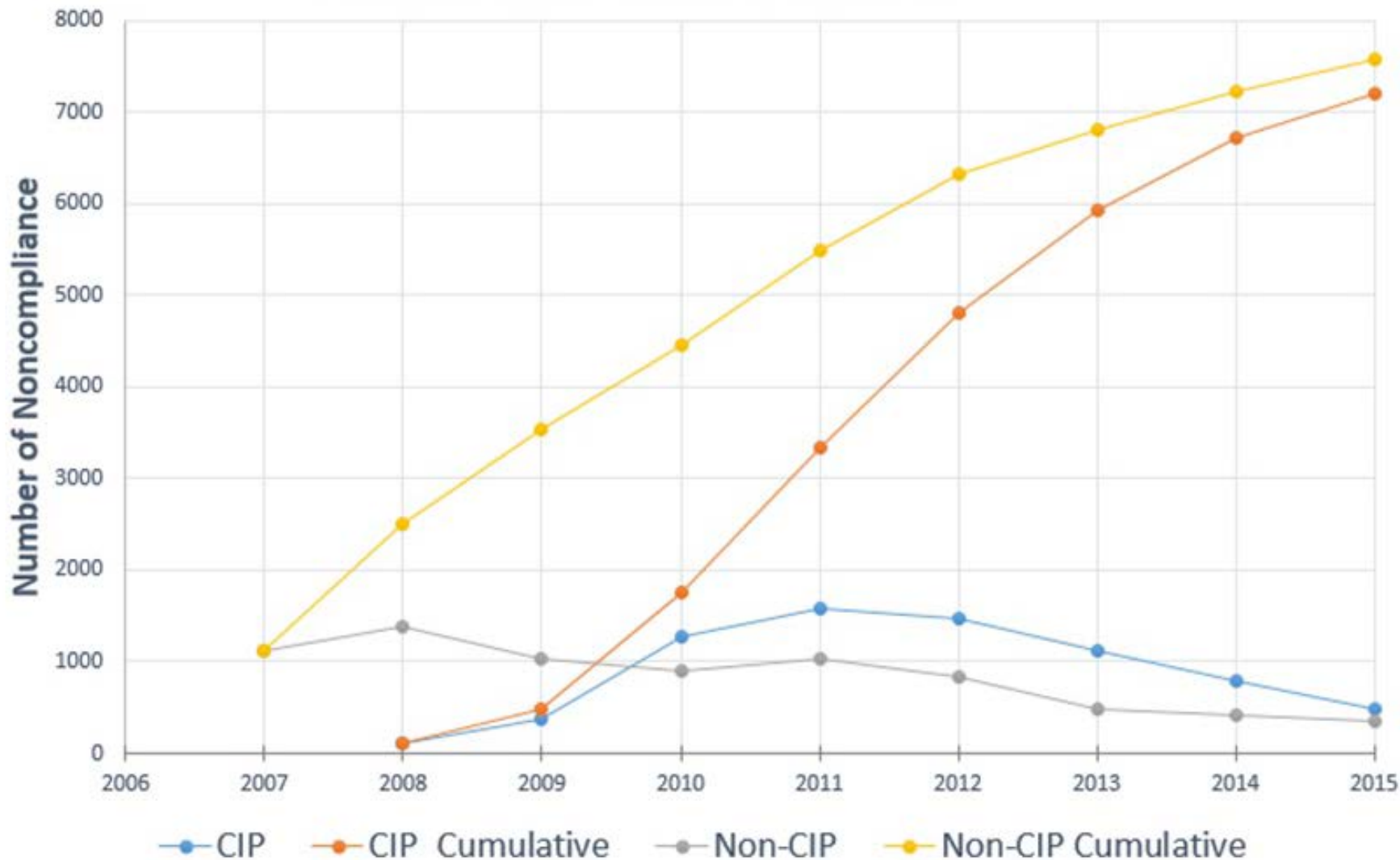
Steven Noess, Director of Compliance Assurance

Compliance Committee

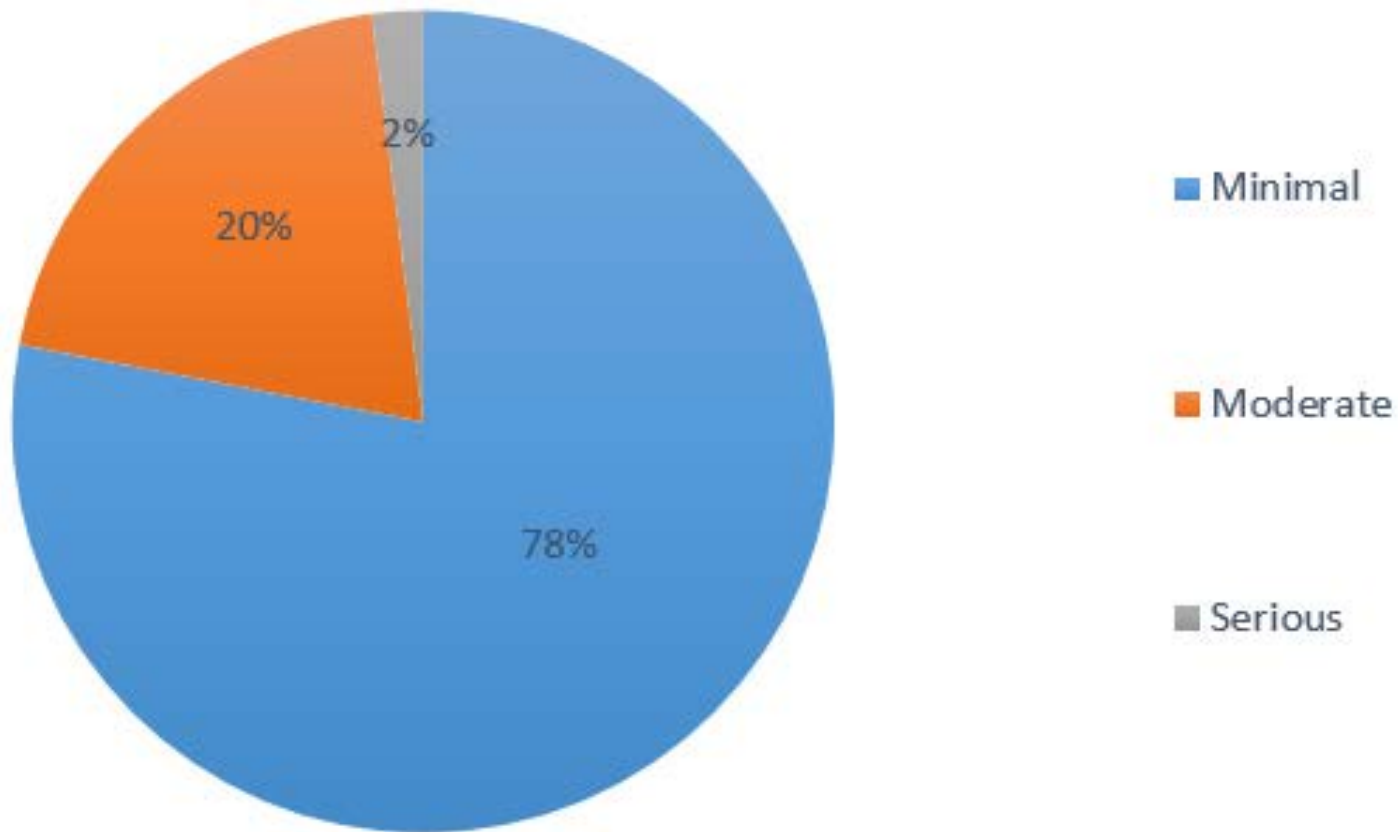
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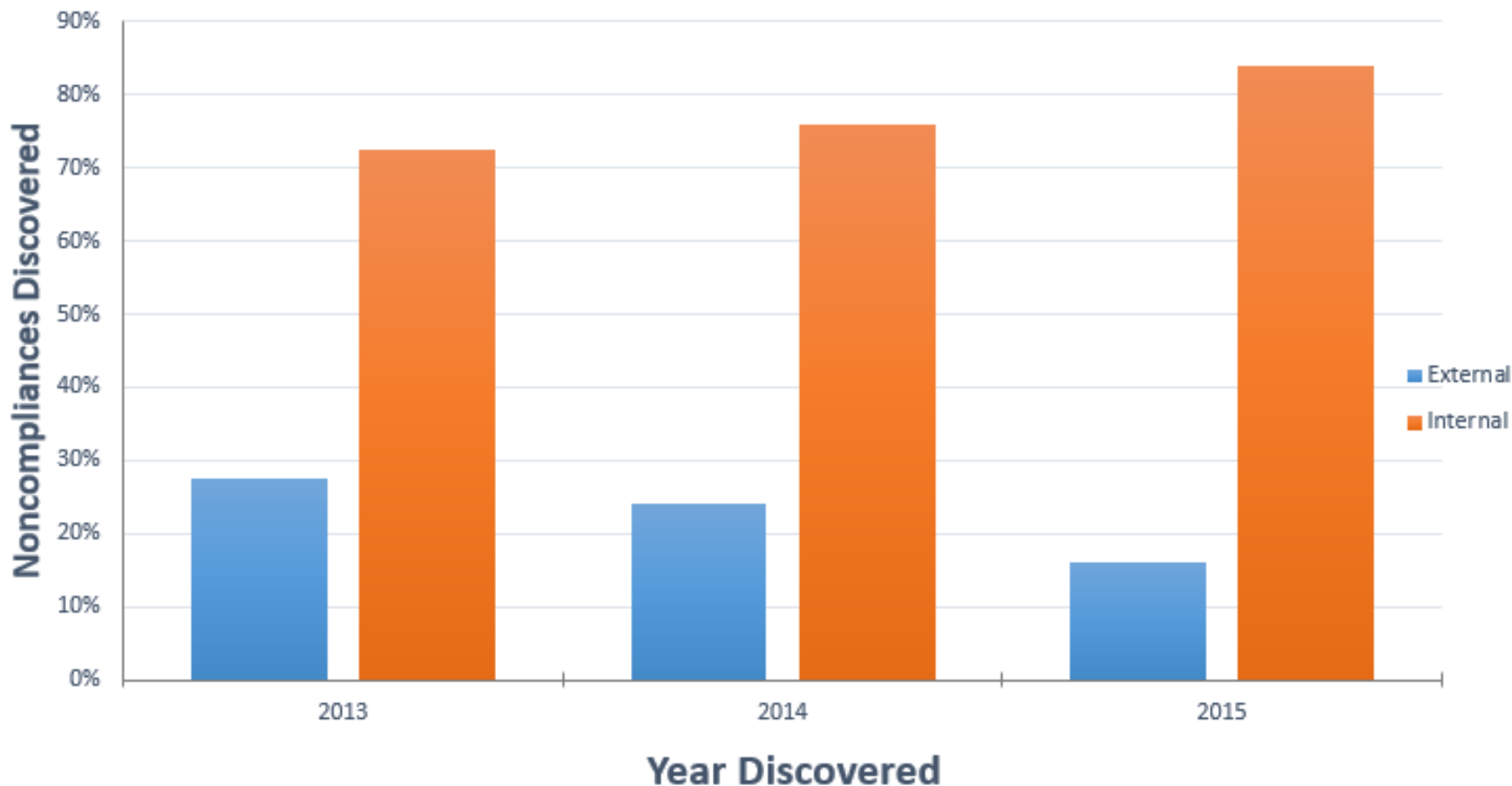




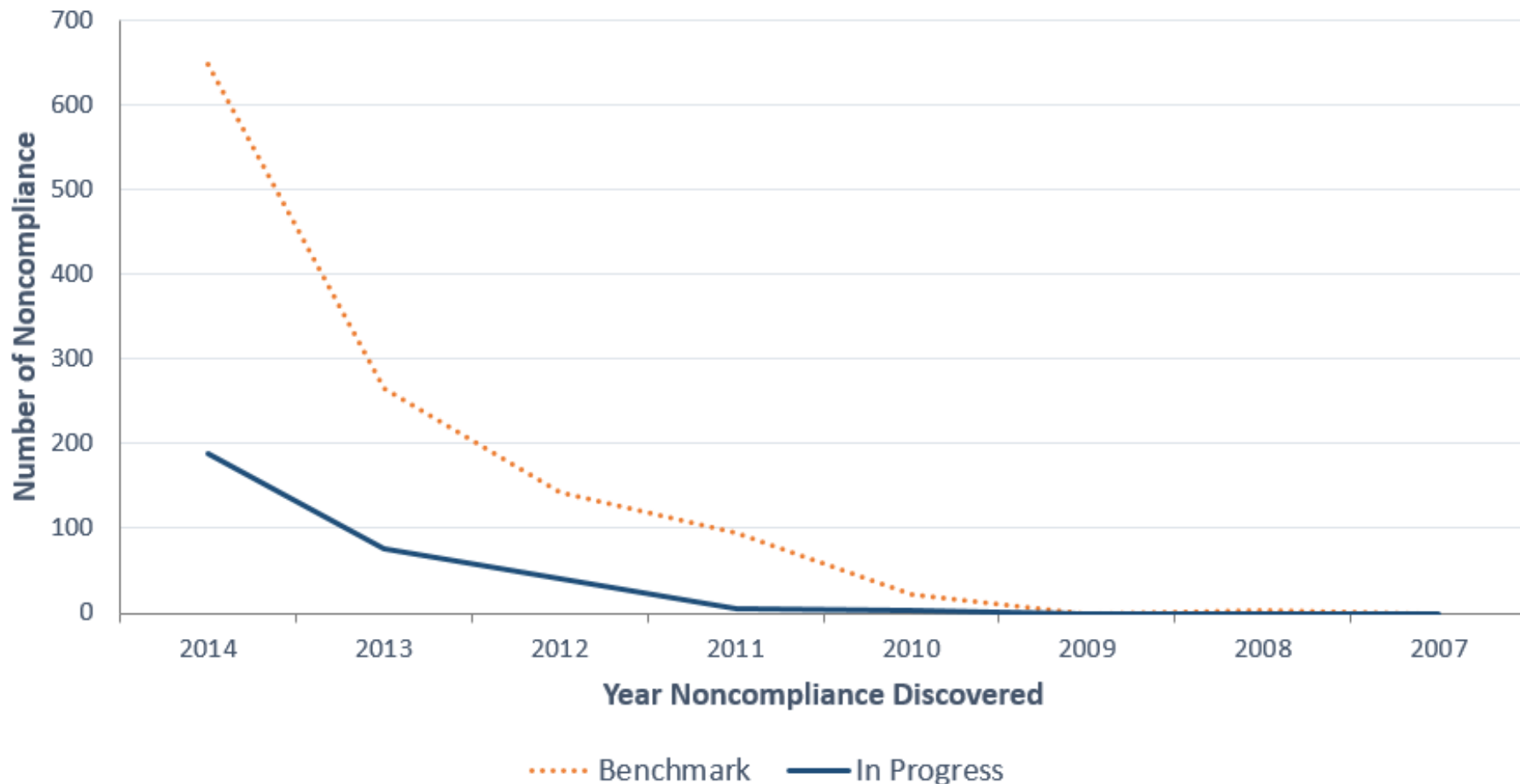
Risk Assessment of All Noncompliance Filed Between 2008 and 2015



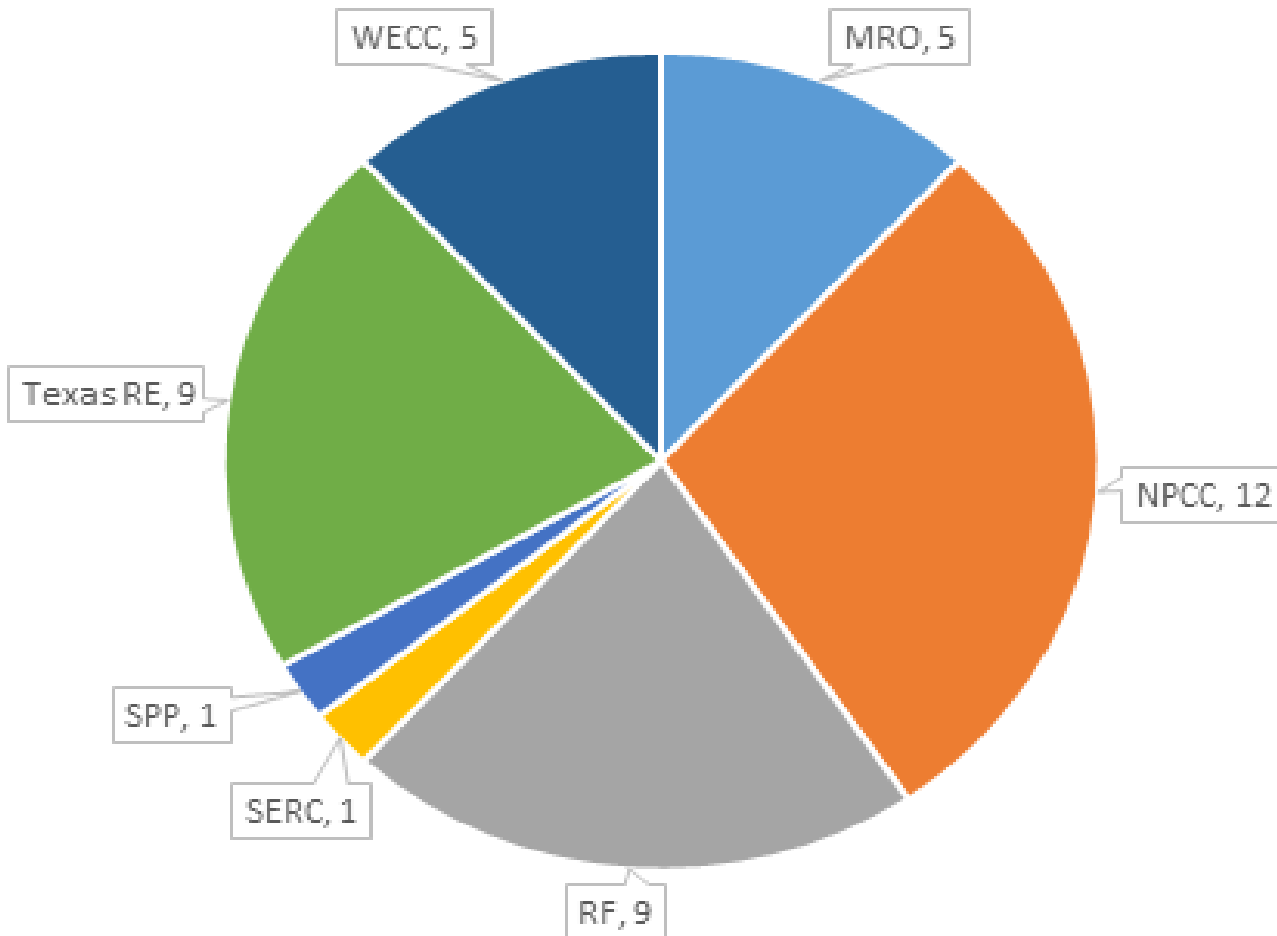
Internal vs. External Discovery Method

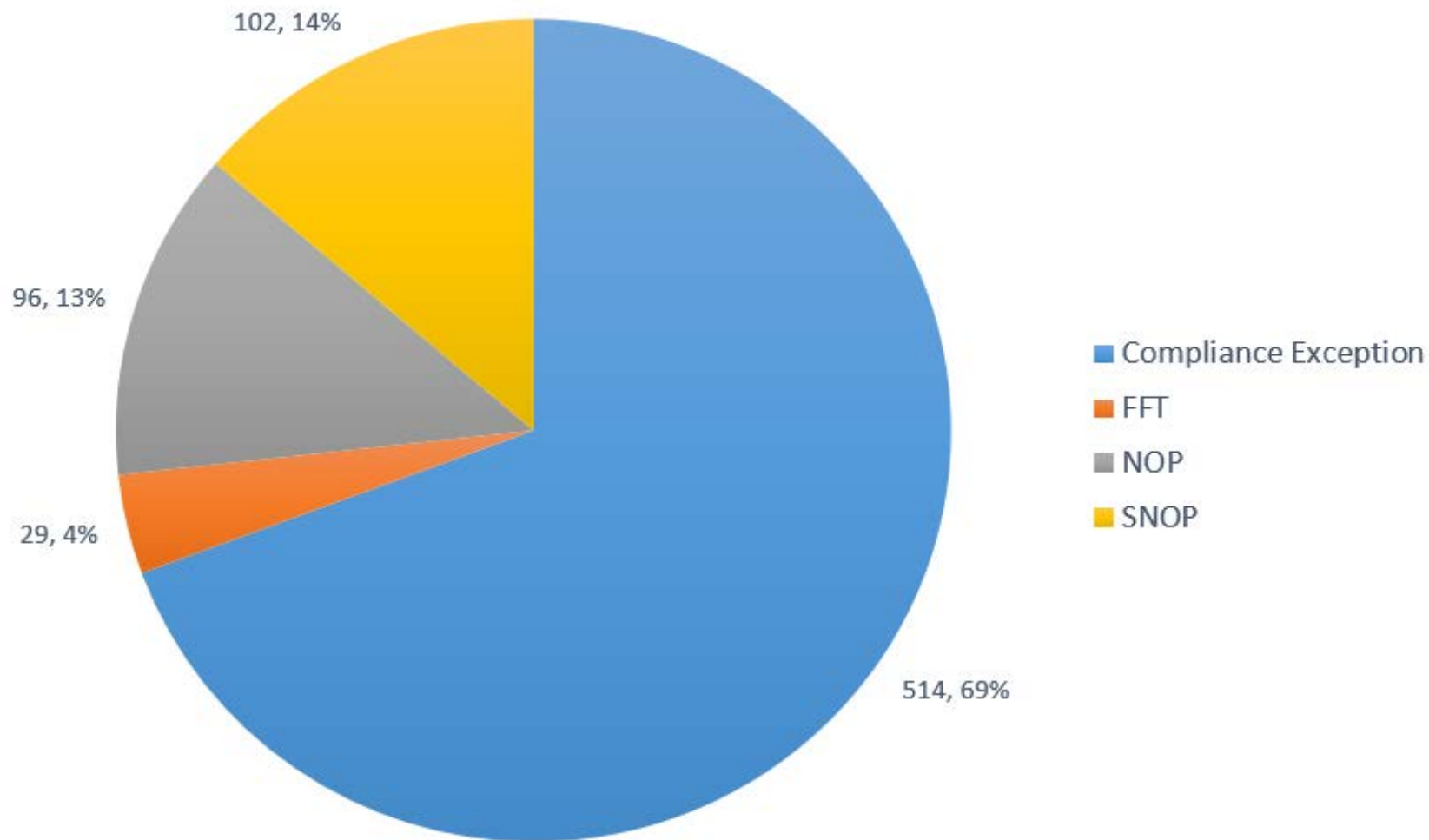


Mitigation Completion Status for Pre-2015 Cases

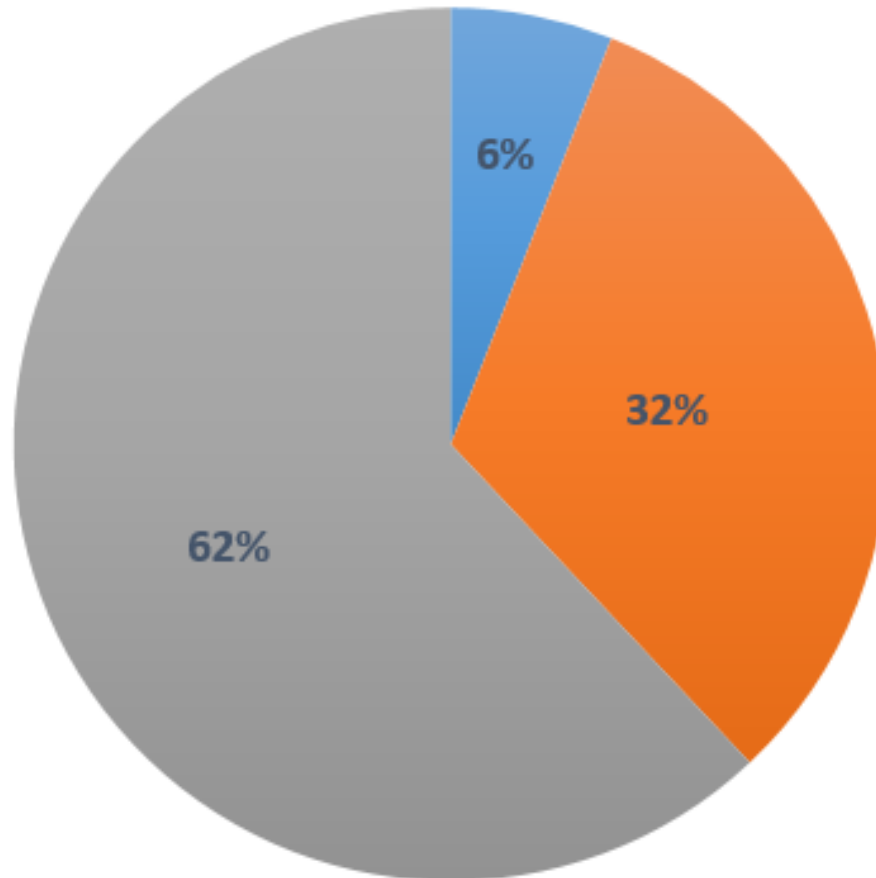


Total Registered Entities Self-Logging by Regional Entity





Age of Noncompliance in ERO Enterprise's Inventory

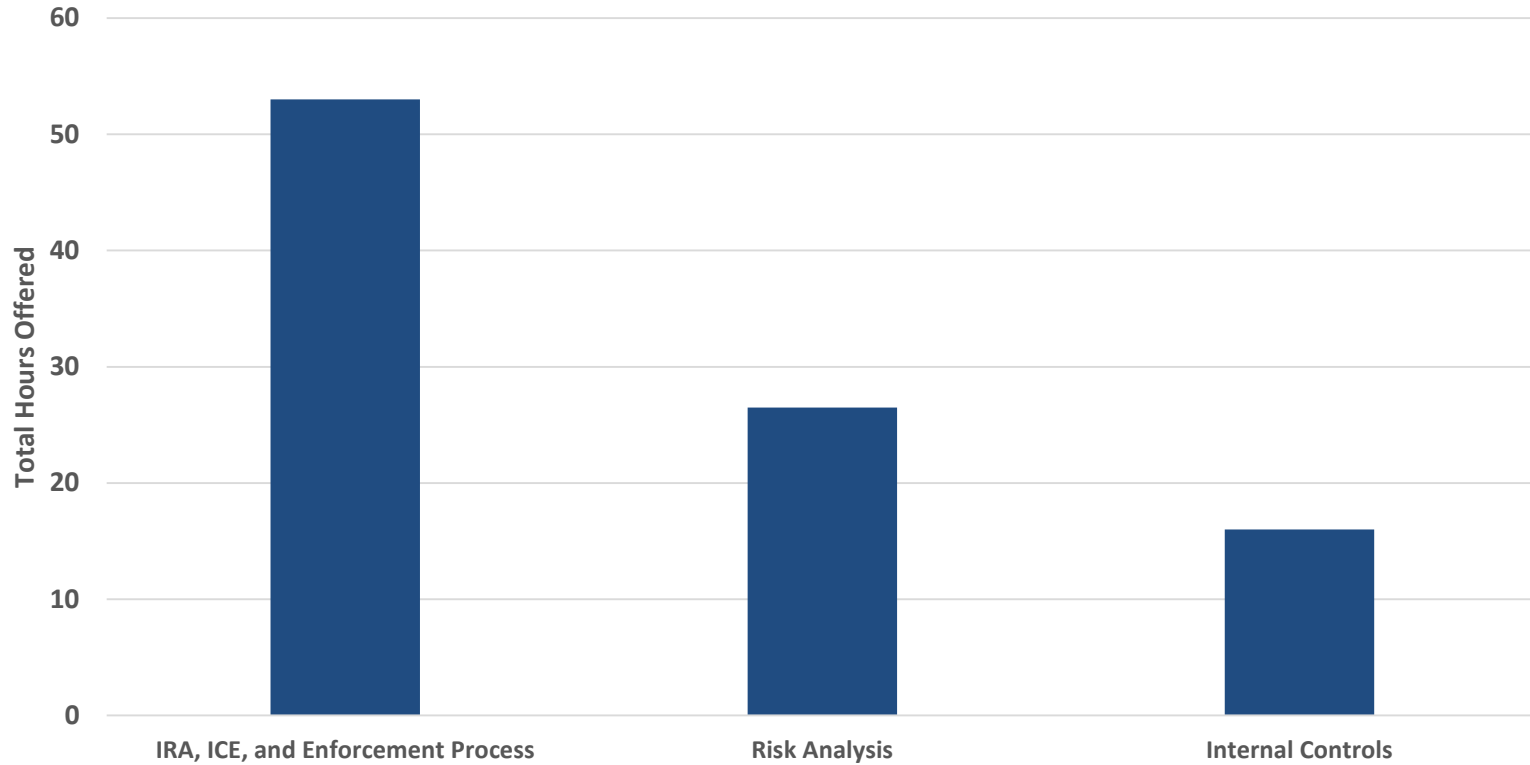


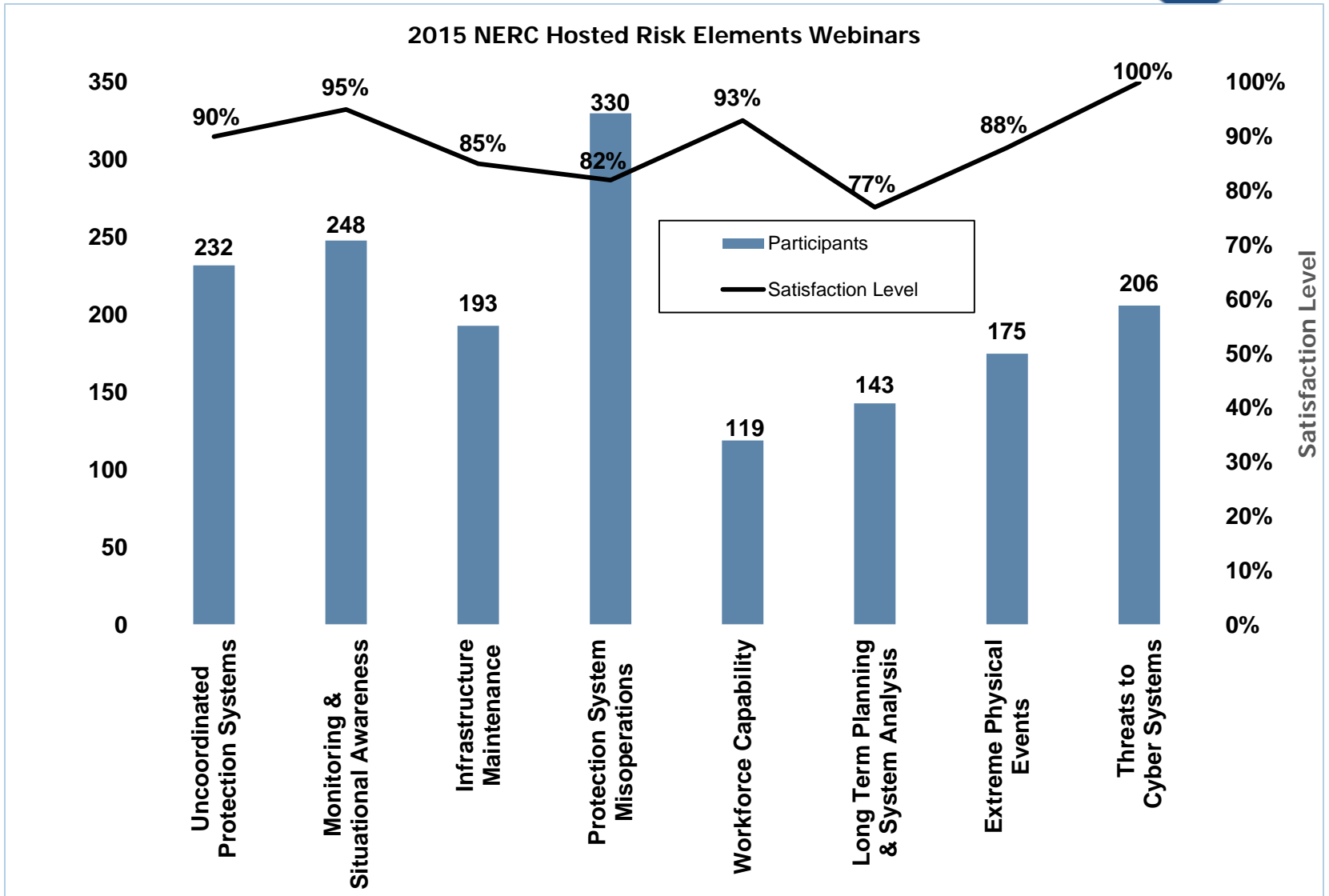
■ Over 2 Years Old ■ Between 1 and 2 Years Old ■ Less than 1 Year Old

Summary of Overall Risk-based Compliance Monitoring Activities

Risk-based Compliance Activities	Count
Inherent Risk Assessments (IRAs)	
IRAs Conducted for Registered Entities on 2015 Audit Schedule	230
IRAs Completed for Registered Entities not on 2015 Audit Schedule	101
Total IRAs Completed within the ERO Enterprise	331
IRAs Remain to be Completed for all Registered Entities within the ERO Enterprise	1,122
Internal Control Evaluations (ICEs)	
ICEs Conducted for Registered Entities on 2015 Audit Schedule	31
ICEs Completed for Registered Entities not on 2015 Audit Schedule	20
Total ICEs Completed within the ERO Enterprise	51

2015 Regional-led Training by Competency Type







Questions and Answers