COVID-19 Related Activities

Steven Noess, Director Regulatory Programs
Teri Stasko, Assistant General Counsel and Director of Enforcement
Compliance Committee Open Session
February 3, 2021
• Joint FERC/NERC announcement
• Issued March 18, 2020
• Three topics:
  ▪ System Operators that are not NERC-certified
  ▪ Missed periodic actions – acceptable noncompliance
  ▪ On-site activities postponed
• Covered by current ERO Enterprise 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 June 30, 2021

• Link to Guidance
• Safety first approach
• Tailored based on risk
  ▪ Informed by experience of monitoring risk areas offsite
• Cooperation and coordination continues
• FERC/NERC/Regional Entities deliberate coordination continues
Questions and Answers
Facility Ratings Update

Teresina Stasko, Assistant General Counsel and Director of Enforcement
Steven Noess, Director, Regulatory Programs
Kiel Lyons, Senior Manager, Compliance Assurance
BOTCC February Open Meeting
February 3, 2021
### Progressive Facility Ratings Discussion

#### Late 2018 - 2019
- Uptick in moderate and serious risk FAC-008 violations; correlation of violations to accuracy of equipment inventory and change management
- Risk Element in 2019 CMEP IP
- Regional Entity outreach
- Evolved monitoring practices

#### 2020
- Updates provided at February and November BOTCC Open Meeting
- Developed problem statement with NATF and shared with CCC
- CCC created Facility Ratings Task Force (FRTF)
- Published CMEP Practice Guide
- FRTF expanded as joint task force with RSTC

#### 2021
- Development of supporting framework within context of existing CMEP tools
- Ongoing coordination with NATF and CCC FRTF, which includes the RSTC
• Objectives
  ▪ Support development and sustainment of registered entity risk-based Facility Ratings programs and resolution of Facility Ratings noncompliance using existing tools
  ▪ Encourage entities to perform self-evaluation to assess the strength of their practices and controls at mitigating risks related to Facility Ratings
  ▪ Highlight advantages of participating in this effort compared to ERO Enterprise finding programmatic deficiencies down the road

• Tracking and reporting
  ▪ Programmatic view to report and track in phases
  ▪ Aggregate and report discrepancies/deficiencies identified
  ▪ Transparent communication and status updates with ERO Enterprise
• Processing related potential noncompliances
  ▪ Consider lessening administrative burden as entities focus on program enhancements (e.g., aggregating reporting)
  ▪ Use existing tools and criteria for appropriate disposition methods

• Outreach
  ▪ Description, details, instructions and expectations as developed
  ▪ Leverage industry partners (NATF, FRTF, etc.)
• Collaboration with NATF and FRTF (CCC & RSTC)
  ▪ Risk-based approach for managing Facility Ratings program
  ▪ Categorize risk profiles of common discrepancies
  ▪ Develop and provide outreach
Compliance Monitoring and Enforcement Program Annual Report

James McGrane, Senior Counsel
Compliance Committee Meeting
February 3, 2021
Response to Coronavirus

- Coordination with FERC and Canadian authorities
- Initial guidance to industry regarding regulatory discretion
- Temporary expansion of the Self-Logging program
- Off-site compliance monitoring engagements
- Remote visits for organization certification
NERC has implemented several changes since release of the Second Joint Staff White Paper:

- Requesting CEII treatment for entire CIP noncompliance filings and submittals
- No longer publicly posting redacted versions of CIP noncompliance

NERC will report CIP noncompliance statistics in public reports

NERC will provide lessons learned to registered entities via a secure website
• Release 1 coming Q1 2021
• 2020 saw extensive outreach to prepare industry and ERO Enterprise staff
• NERC training site provides training on a variety of topics related to the use of Align
• Work continues on future releases of Align and the ERO Enterprise Secure Evidence Locker
• ERO Enterprise implemented enhancements in 2020
• Used to convey the monitoring strategy for each entity
• Tailored based on entity-specific performance factors and understanding the entity’s internal controls
• Includes entity-specific risks based on analysis of Inherent Risk Assessments and Performance Considerations
• Enforcement metrics include violation aging and mitigation completion
• Average age of inventory has continued to climb above 12 months
• 17% of ERO Enterprise caseload was greater than two years old at end of year
  ▪ Down from 19% at the end of Q3
• Self-Reporting remains high
ERO Enterprise is taking steps to reduce average age of inventory
• 419 violations over two years old
  ▪ Approximately 100 registered entities
• 186 violations over two years old with ongoing mitigation
  ▪ Approximately 60 registered entities
• Over 90% have completed mitigation
  ▪ Mitigation completion as measure of reduced risk
• Approximately 80% are CIP violations
  ▪ Greater complexity with new technologies and CIP Version 5
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.
What the ERO Enterprise is Doing

• Streamlining efforts
  ▪ Efficient risk assessment and resolution for all noncompliance
  ▪ Sharing approaches across Regions to identify processing efficiencies

• Ongoing engagement with registered entities
  ▪ Understanding extent of violations and assisting the design of robust controls to prevent recurrence

• Sharing lessons learned and mitigation best practices
  ▪ Effective solutions to the most common causes of violations
  ▪ Outreach on new Reliability Standards and preventive controls to reduce the number of violations
  ▪ CIP lessons learned coming
Questions and Answers