

ERO Enterprise Program Alignment Efforts

Ken McIntyre, Vice President, Standards and Compliance
Board of Trustees Compliance Committee
August 15, 2018

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- Electric Reliability Organization (ERO) Enterprise program implementation and execution consistency is a common concern reported by stakeholders
- NERC working with the Compliance Certification Committee (CCC), designed and implemented the Program Alignment process to identify and manage consistency issues

Track

Identify & Capture Issues

- Program Oversight and Monitoring
- Survey Responses
- Stakeholder Reporting
- NERC Central Repository

Triage

Classify, Analyze, &
Prioritize

- NERC Initial Screening
- Regional Input and CCC Alignment Working Group Engagement
- Materiality and Priority
- Responses and Recommendations

Transparent

Post & Report

- Program Alignment – Issues and Recommendations Tracking
- Quarterly Reporting
- Regional Program Information

- CCC AWG researches and frames issues when additional information or context can enhance understanding of issues
- Continued outreach in collaboration with the CCC AWG
 - Regional Entity workshops
 - Standards and Compliance Workshop
 - Trades and Forums

- Outreach and collaboration with AWG effective
- Transition in 2018 to more stakeholder-identified submissions
- Spectrum of issues with varied specificity
 - NERC-identified program-based (e.g., self-certification processes, compliance oversight plans, etc.)
 - Specific compliance or enforcement submissions

Issue	2017	2018	Completed	In Progress
Regional Consistency Reporting Tool (now closed)	2	n/a	2	0
Consistency Reporting Tool (launched August 2017)	3	3	6	0
NERC	7	1	5	3
Stakeholder	0	2	2	0
Total*	12	6	15	3
*As of August 1				

- ERO Enterprise Program Alignment Process page
<https://www.nerc.com/pa/comp/Pages/EROEnterProAlign.aspx>
- Consistency Reporting Tool (EthicsPoint)
<https://secure.ethicspoint.com/domain/media/en/gui/51749/index.html>
- Issues and Recommendations Tracking
https://www.nerc.com/pa/comp/ERO%20Enterprise%20Program%20AlignmentDL/Issues-Recommendations_EXTERNAL.xlsx
- Regional Program Information Matrix
https://www.nerc.com/pa/comp/ERO%20Enterprise%20Program%20AlignmentDL/Regional_Program_Information_Matrix.xlsx



Questions and Answers

Trends in Operations and Planning Violations

Ed Kichline, Senior Counsel and Director of Enforcement Oversight

Ken McIntyre, Vice President of Standards and Compliance

Board of Trustees Compliance Committee

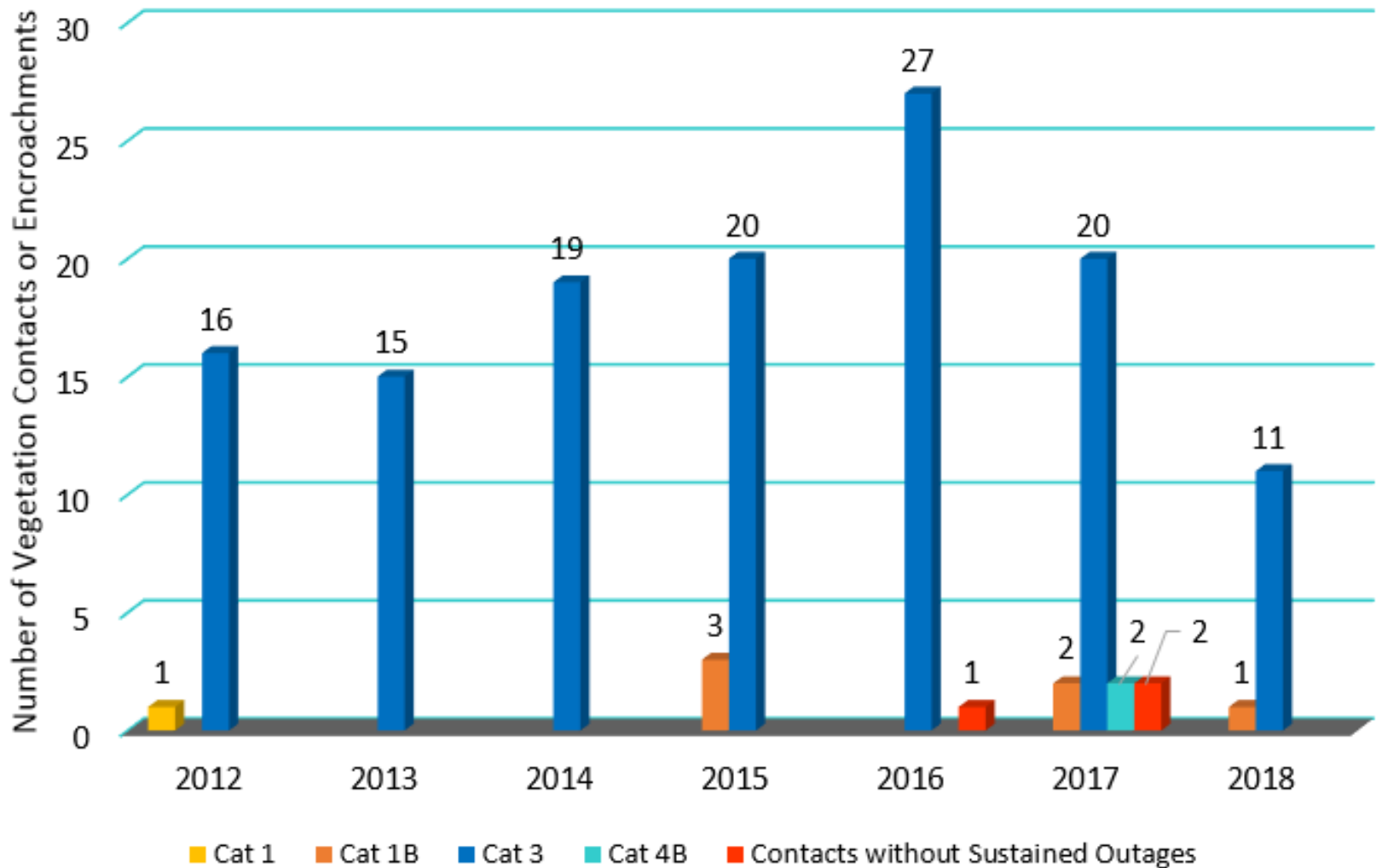
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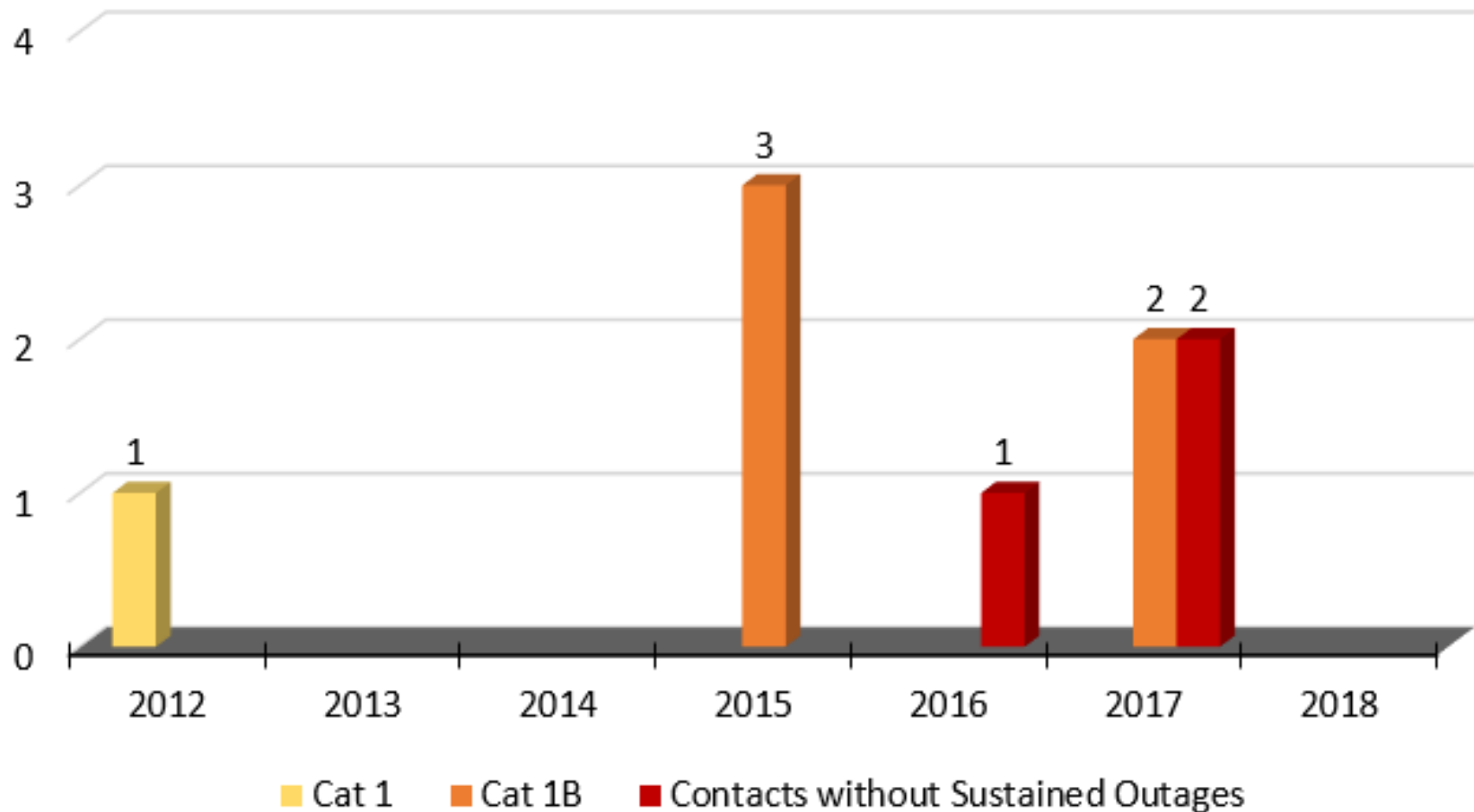


- Vegetation Management (FAC-003)
- Facility Ratings (FAC-008-3/FAC-009-1)
- Protection System Maintenance and Testing (PRC-005)

Vegetation Contacts and Encroachments

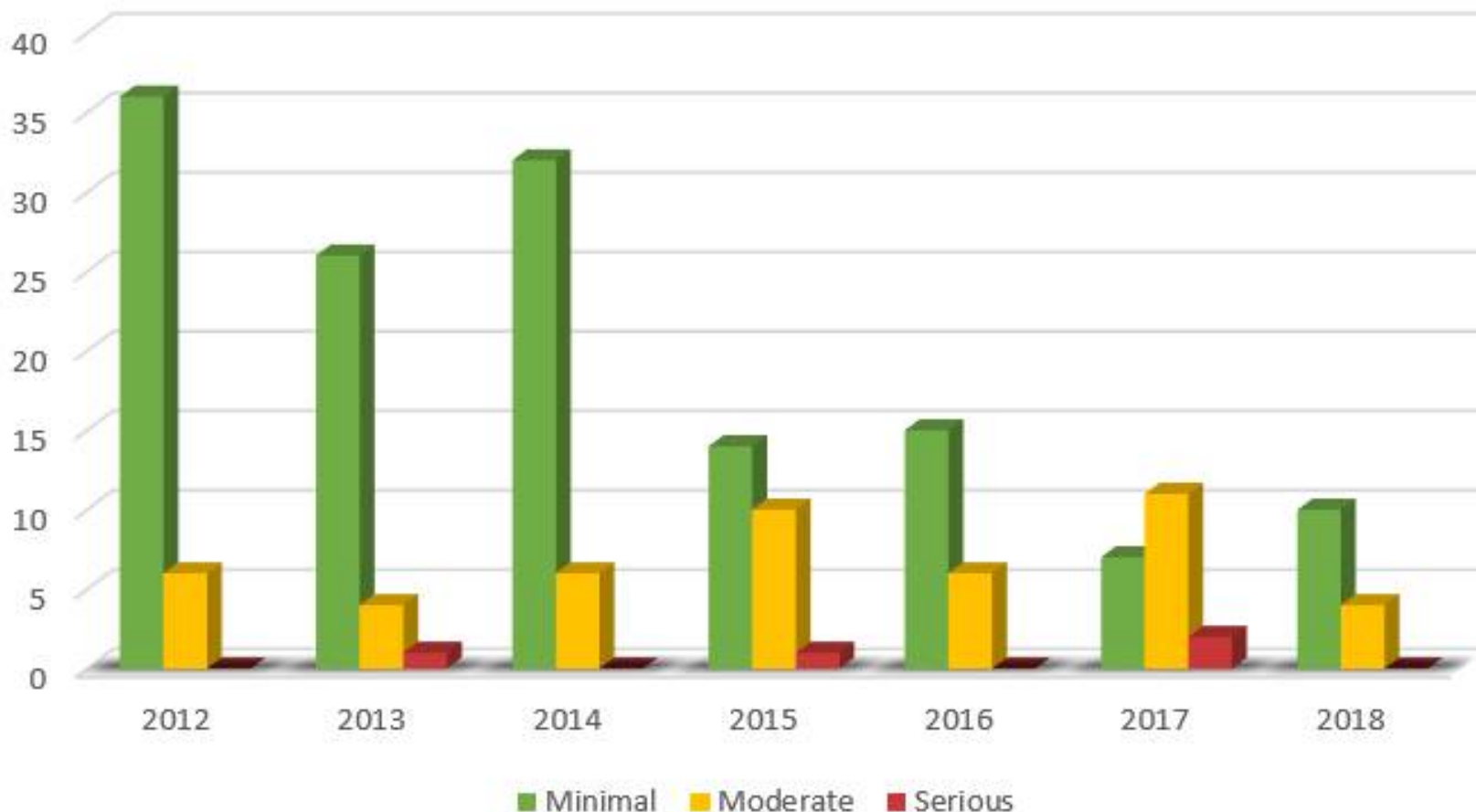


FAC-003 Violations that Resulted in Vegetation Contacts

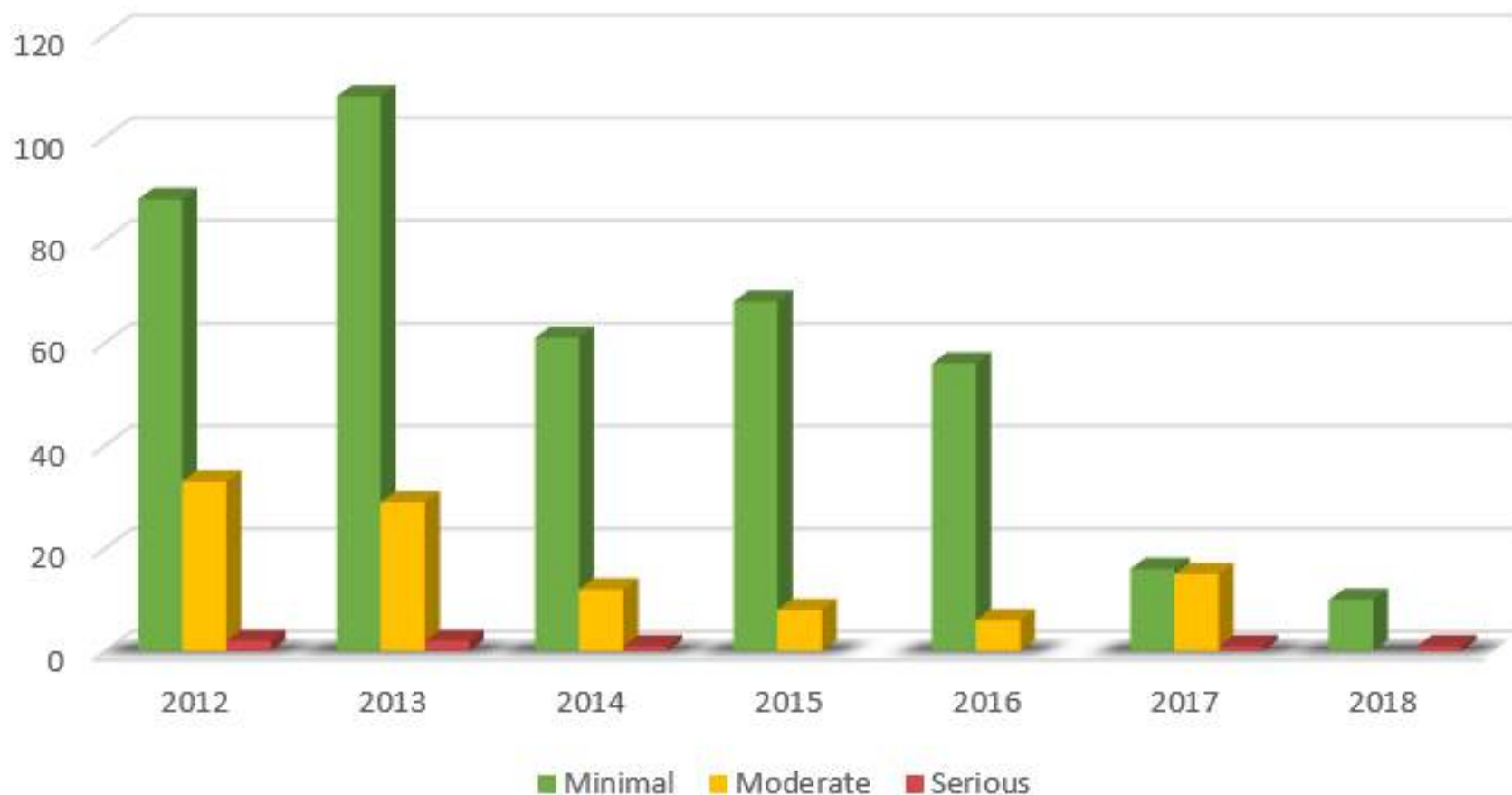


- Three Full Notices of Penalty filed in Q2 2018 dealt with FAC-003 issues.
- Shared similarities related to control failures:
 - One failed to address changing field and weather conditions resulting in increased vegetation growth (NP18-11-000);
 - The second missed an aerial inspection and a foot inspection assumed the danger vegetation was already noted (NP18-12-000); and
 - The final registered entity failed to specify observation criteria to be reported following vegetation inspections (NP18-13-000).

Trends in FAC-008-3/FAC-009



Trends in PRC-005 R2



- Moderate and serious risk FAC-008 and PRC-005 violations
- Accuracy of equipment inventory
- Change management

- Compliance Monitoring and Enforcement Program Implementation Plan
 - Risk Elements
 - Risk Focus Areas
- Inherent Risk Assessments
 - Entity-specific
 - Performance history
- Evaluation of controls during CMEP activities
 - Reliable operations supported by sustainable practices
- Regional perspectives

- Sharing controls and best practices
 - Trade groups
 - Regional colleagues
- Self-assessment



Questions and Answers

Compliance Monitoring and Enforcement Program Quarterly Report

Q2 2018

Ed Kichline, Senior Counsel and Director of Enforcement Oversight

Ken McIntyre, Vice President of Standards and Compliance

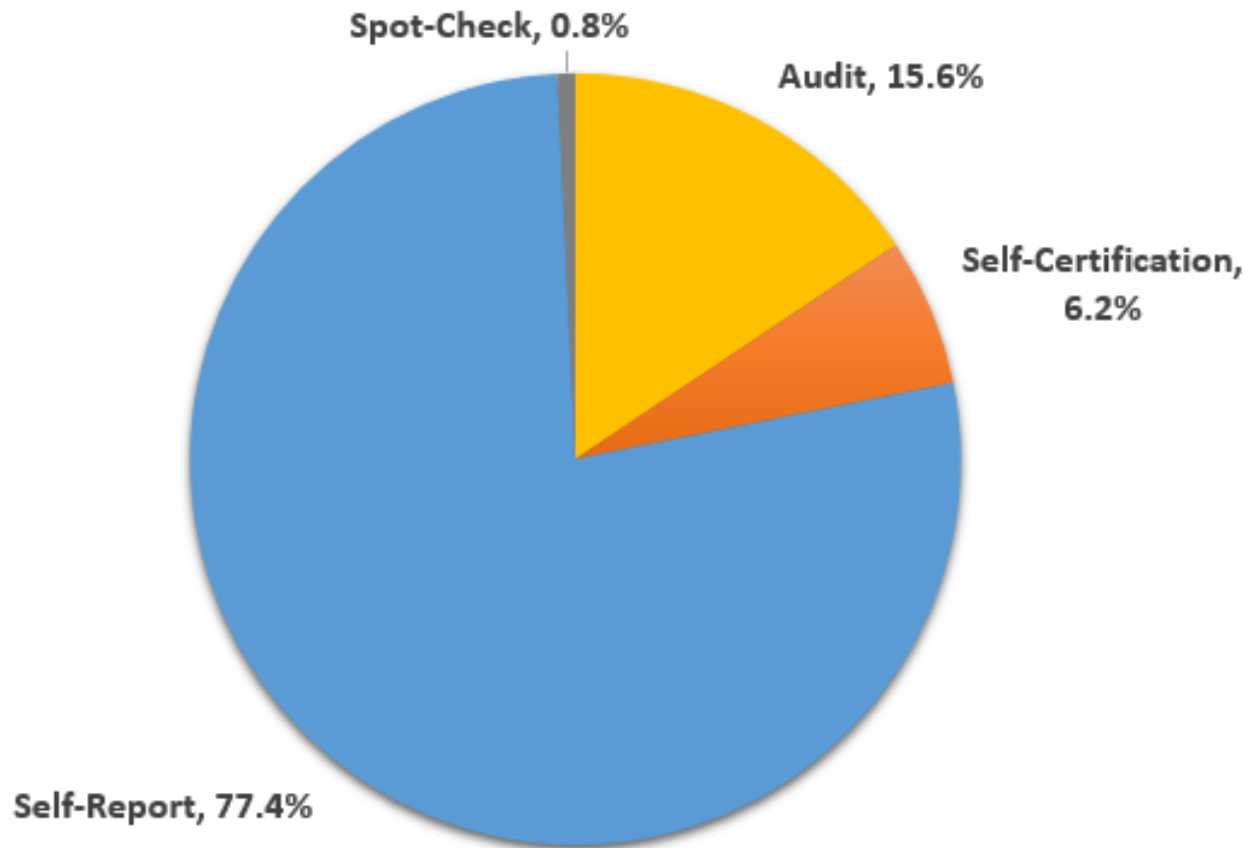
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**Percentage of Noncompliance by Discovery Method
in Q1 and Q2 2018**



Ongoing Mitigation by Discovery Year

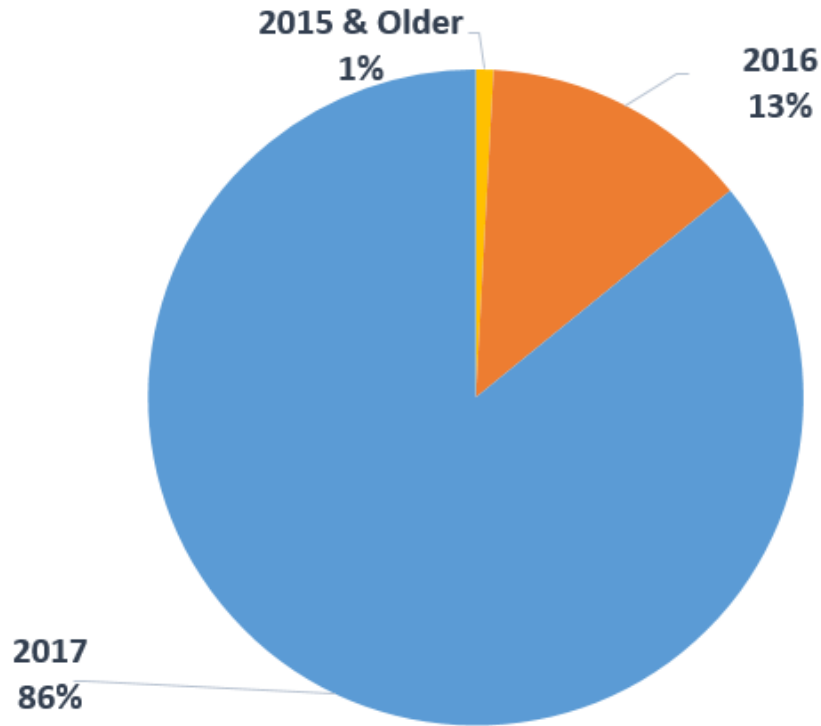
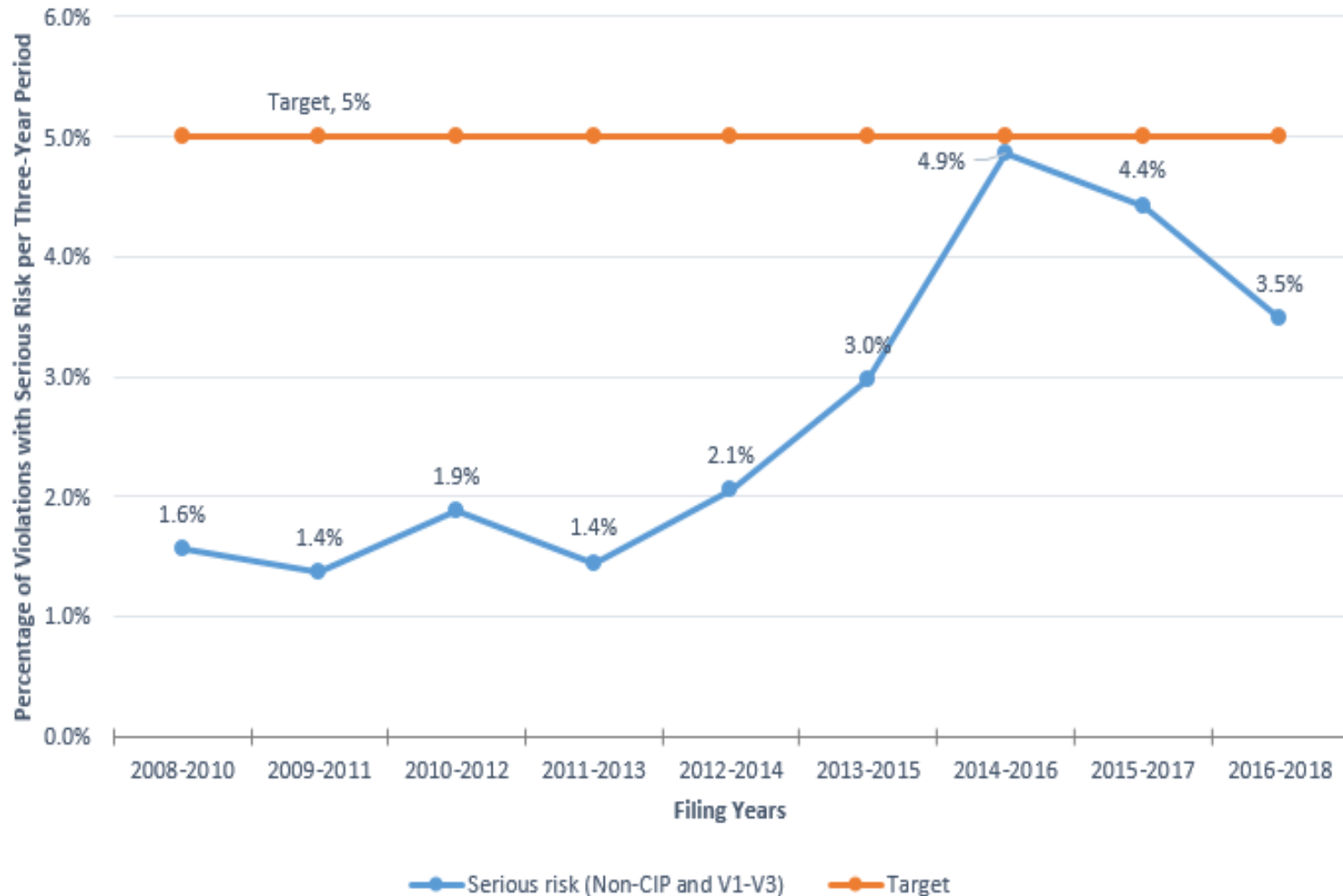


Table A.1: Mitigation Completion Status

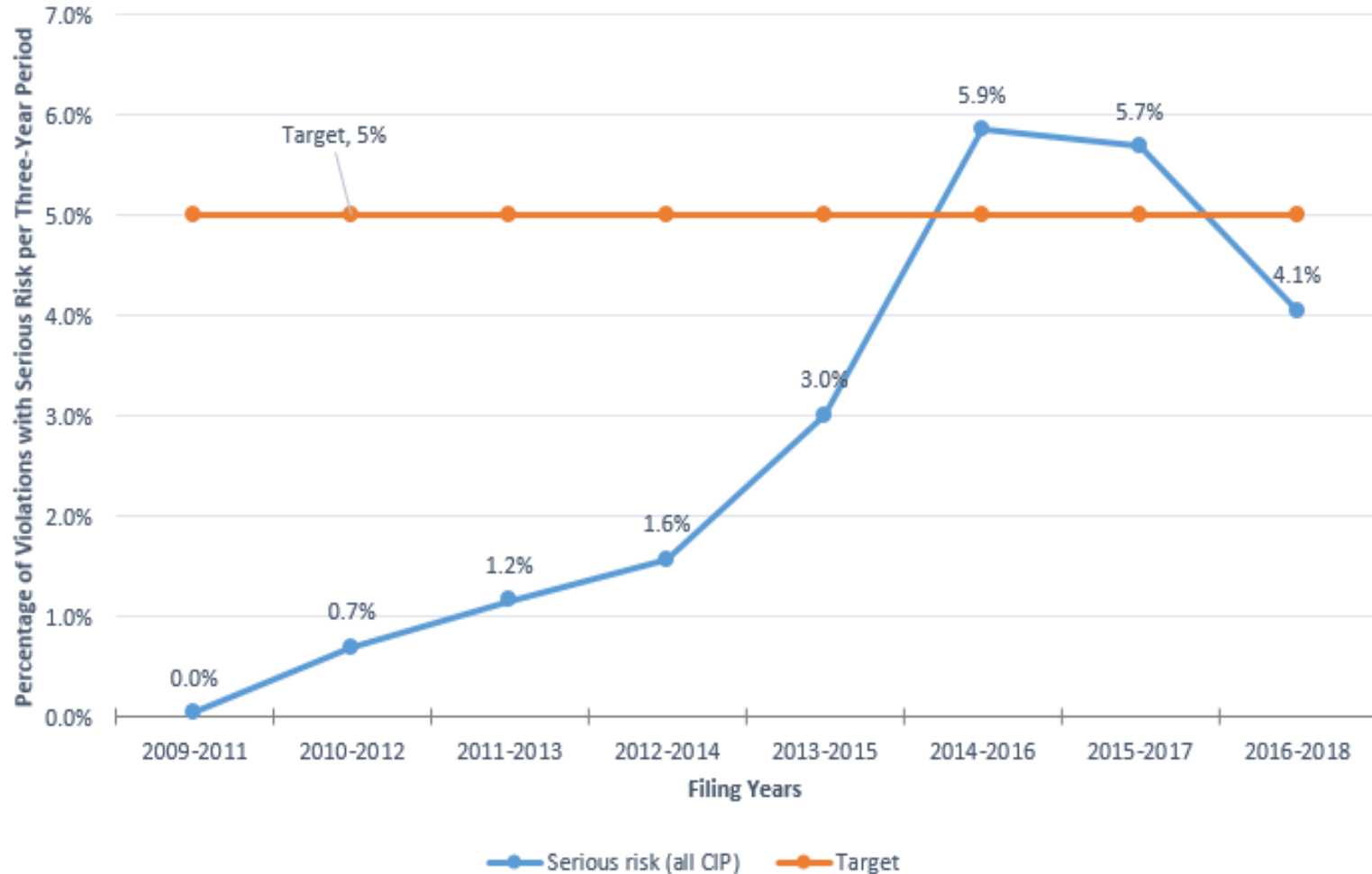
Time Frame	Required Mitigation	On-going	Progress Toward Goal	Threshold	Target	Progress Since Last Quarter
2015 and Older	10206	9	99.91%	99%	100%	0.01%
2016	1153	129	88.8%	85%	90%	3.36%
2017	2020	868	57.0%	70%	75%	10.9%

Non-CIP and V1-V3 Serious Risk Violations
 3-Year Rolling Average

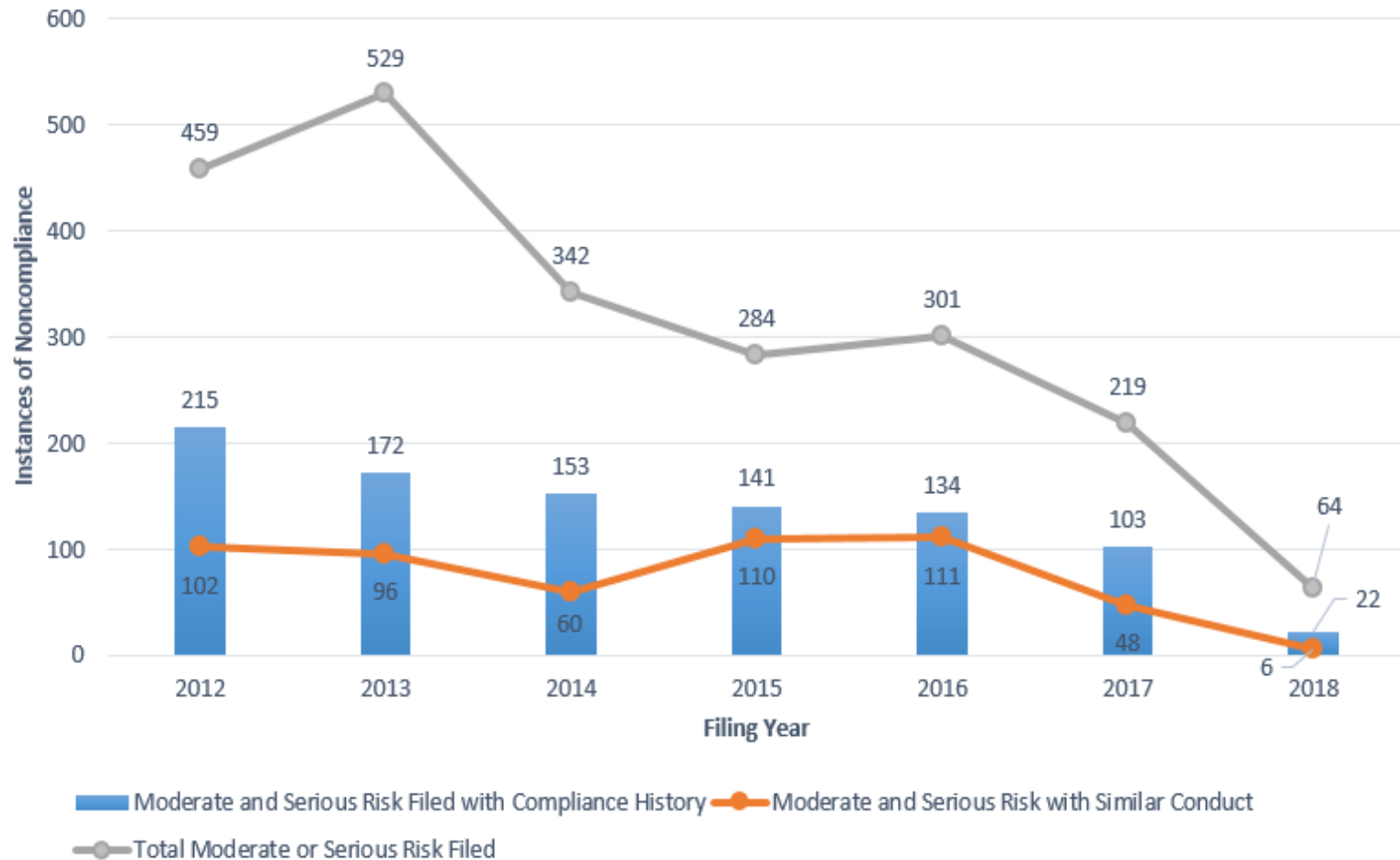


Tracking Risk of CIP Noncompliance

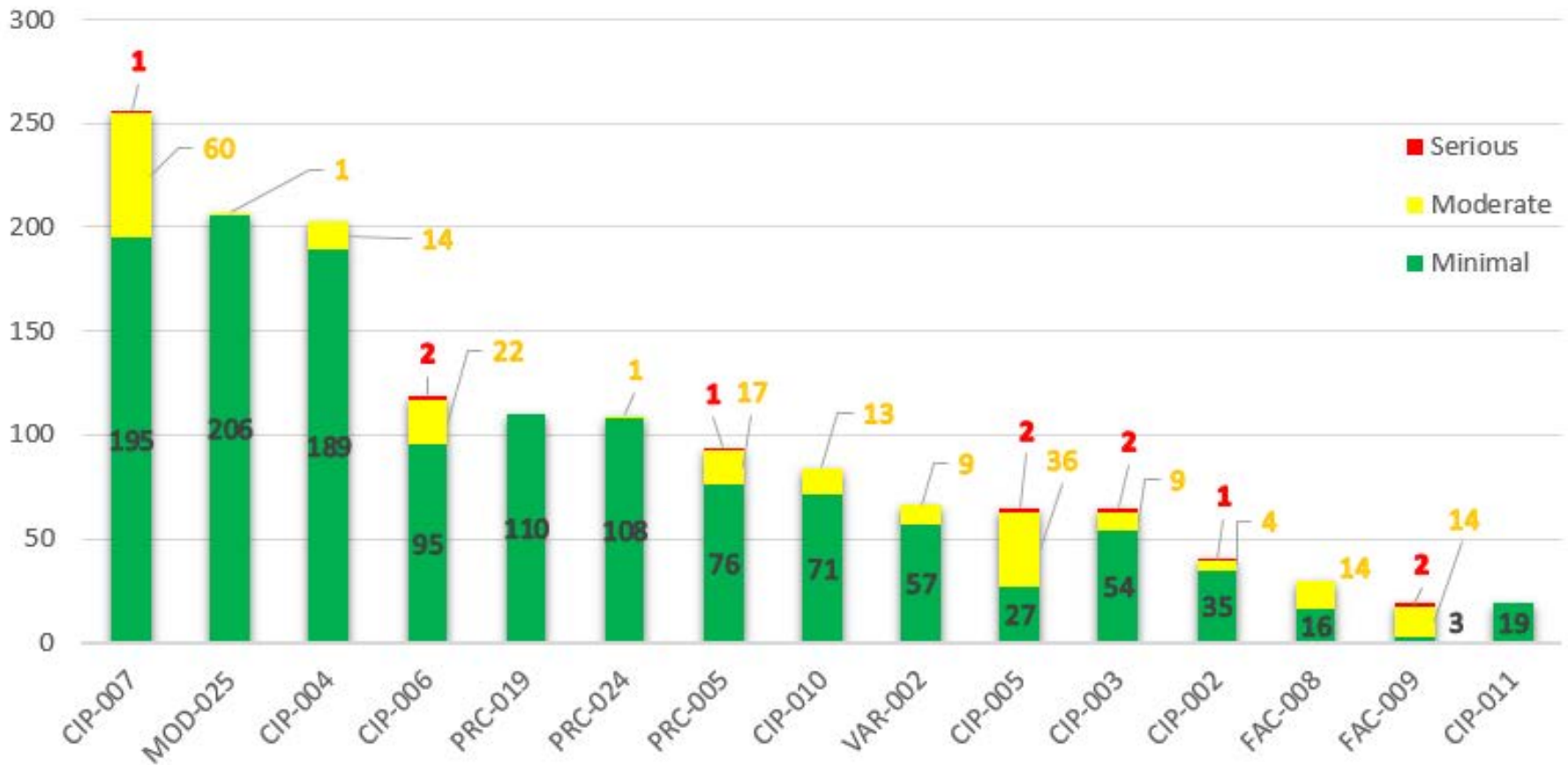
CIP Only Serious Risk Violations 3-Year Rolling Average



Compliance History for Moderate and Serious Risk Noncompliance

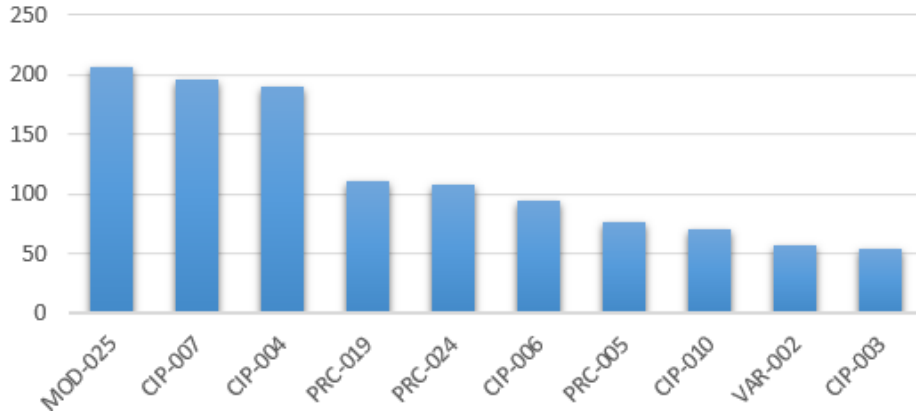


Most Violated Standards by Risk Filed in 2017-2018

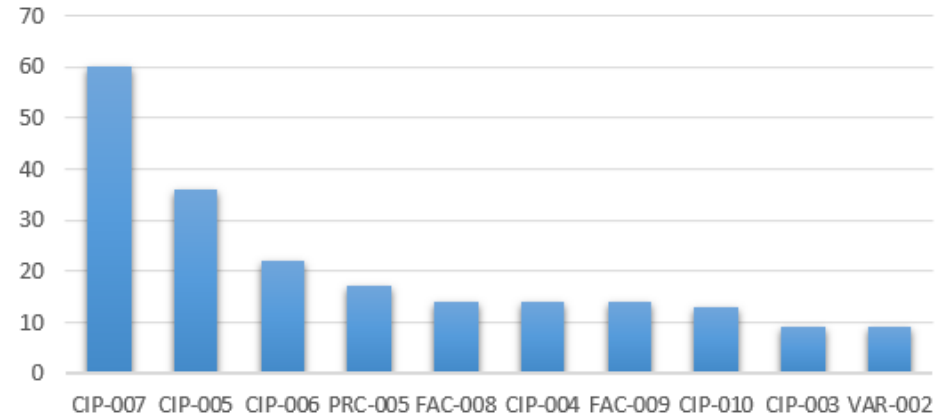


Most Violated Standards by Risk

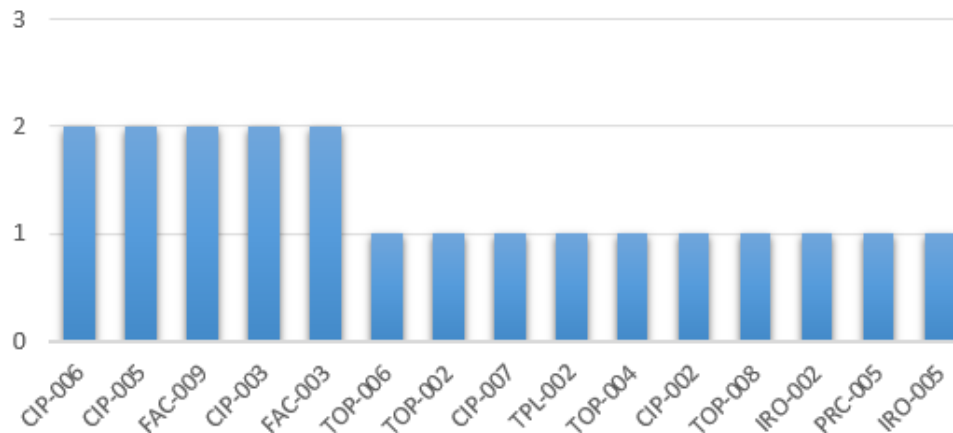
**Most Violated Standards by Minimal Risk
Filed in 2017-2018**



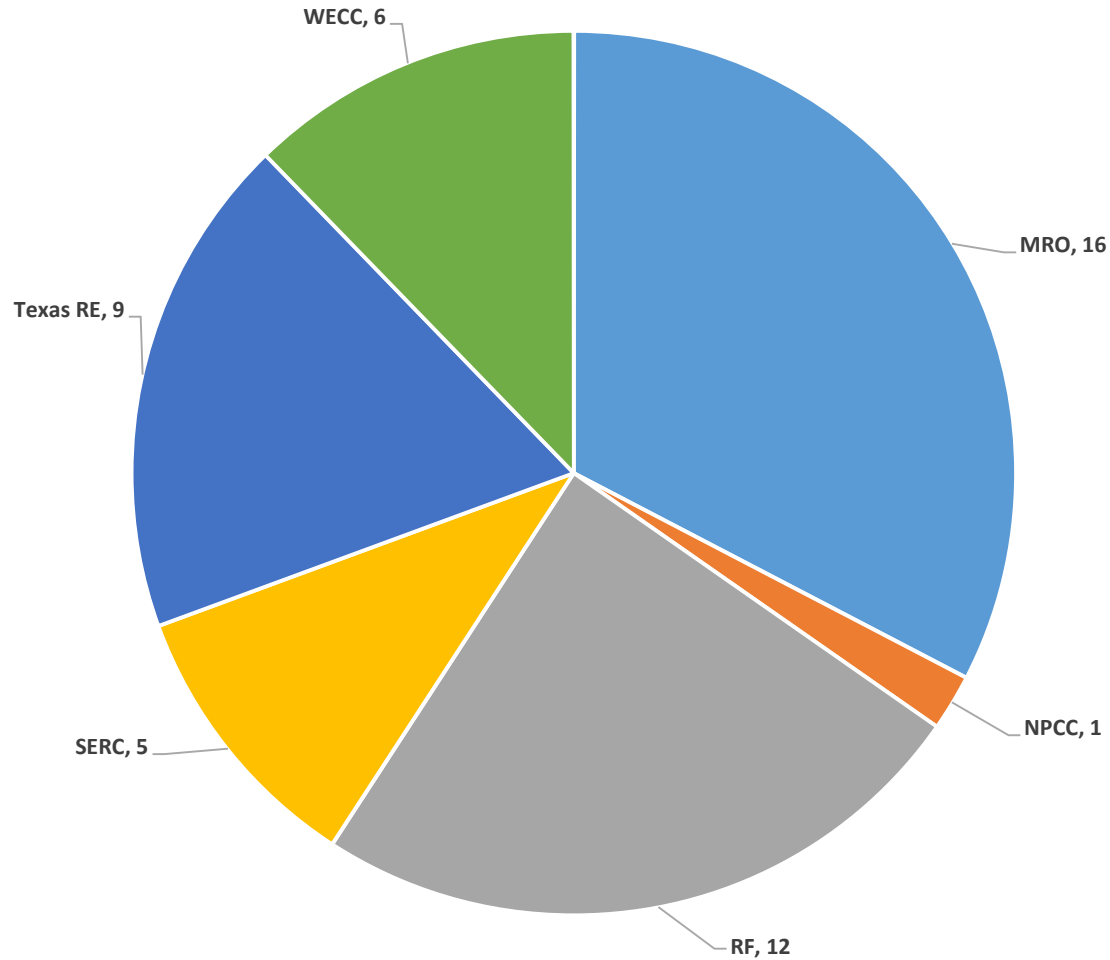
**Most Violated Standards by Moderate Risk
Filed in 2017-2018**



**Most Violated Standards by Serious Risk
Filed in 2017-2018**



- Implementation Guidance
 - Three endorsed, one non-endorsed, and one currently under review



Percentage of MRREs under Coordinated Oversight by Lead RE

- Program Alignment Items:
 - Twelve completed and
 - Six in progress.
- Continued outreach in collaboration with CCC Alignment Working Group at Regional Entity workshops



Questions and Answers