ERO Enterprise Program Alignment Efforts

Ken McIntyre, Vice President, Standards and Compliance
Board of Trustees Compliance Committee
August 15, 2018
• 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
Program Alignment Process

**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 Alignment Working Group (AWG)

- 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
## Issues by Source

<table>
<thead>
<tr>
<th>Issue</th>
<th>2017</th>
<th>2018</th>
<th>Completed</th>
<th>In Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Consistency Reporting Tool (now closed)</td>
<td>2</td>
<td>n/a</td>
<td>2</td>
<td>0</td>
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<tr>
<td>Consistency Reporting Tool (launched August 2017)</td>
<td>3</td>
<td>3</td>
<td>6</td>
<td>0</td>
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<td>NERC</td>
<td>7</td>
<td>1</td>
<td>5</td>
<td>3</td>
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<tr>
<td>Stakeholder</td>
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<td>2</td>
<td>2</td>
<td>0</td>
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<td><strong>Total</strong>*</td>
<td><strong>12</strong></td>
<td><strong>6</strong></td>
<td><strong>15</strong></td>
<td><strong>3</strong></td>
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*As of August 1
• ERO Enterprise Program Alignment Process page
  https://www.nerc.com/pa/comp/Pages/EROEnterProAlign.aspx

• Consistency Reporting Tool (EthicsPoint)

• Issues and Recommendations Tracking

• Regional Program Information Matrix
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
August 15, 2018
• Vegetation Management (FAC-003)
• Facility Ratings (FAC-008-3/FAC-009-1)
• Protection System Maintenance and Testing (PRC-005)
Vegetation Contacts and Encroachments

Vegetation Contacts and Encroachments

<table>
<thead>
<tr>
<th>Year</th>
<th>Cat 1</th>
<th>Cat 1B</th>
<th>Cat 3</th>
<th>Cat 4B</th>
<th>Contacts without Sustained Outages</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1</td>
<td>1</td>
<td>16</td>
<td>15</td>
<td>1</td>
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<td>2013</td>
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<td>15</td>
<td>19</td>
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<td>2014</td>
<td>1</td>
<td>1</td>
<td>19</td>
<td>20</td>
<td>1</td>
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<tr>
<td>2015</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>20</td>
<td>1</td>
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<td>2016</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>27</td>
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<td>2017</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>20</td>
<td>2</td>
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<tr>
<td>2018</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>11</td>
<td>2</td>
</tr>
</tbody>
</table>

Cat 1: &nbsp; Cat 1B: &nbsp; Cat 3: &nbsp; Cat 4B: &nbsp; Contacts without Sustained Outages:
FAC-003 Violations Resulting in Vegetation Contacts

FAC-003 Violations that Resulted in Vegetation Contacts

- 2012: 1 Cat 1
- 2013: 2 Cat 1B
- 2014: 1 Cat 1
- 2015: 3 Cat 1B
- 2016: 1 Contacts without Sustained Outages
- 2017: 2 Cat 1B, 2 Contacts without Sustained Outages
- 2018: 2 Cat 1B, 2 Contacts without Sustained Outages
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).
• 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
Percentage of Noncompliance by Discovery Method in Q1 and Q2 2018

- Self-Report, 77.4%
- Audit, 15.6%
- Self-Certification, 6.2%
- Spot-Check, 0.8%
### Table A.1: Mitigation Completion Status

<table>
<thead>
<tr>
<th>Time Frame</th>
<th>Required Mitigation</th>
<th>On-going</th>
<th>Progress Toward Goal</th>
<th>Threshold</th>
<th>Target</th>
<th>Progress Since Last Quarter</th>
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</thead>
<tbody>
<tr>
<td>2015 and Older</td>
<td>10206</td>
<td>9</td>
<td>99.91%</td>
<td>99%</td>
<td>100%</td>
<td>0.01%</td>
</tr>
<tr>
<td>2016</td>
<td>1153</td>
<td>129</td>
<td>88.8%</td>
<td>85%</td>
<td>90%</td>
<td>3.36%</td>
</tr>
<tr>
<td>2017</td>
<td>2020</td>
<td>868</td>
<td>57.0%</td>
<td>70%</td>
<td>75%</td>
<td>10.9%</td>
</tr>
</tbody>
</table>
Tracking Risk of Noncompliance

Non-CIP and V1-V3 Serious Risk Violations

3-Year Rolling Average

Percentage of Violations with Serious Risk per Three-Year Period

Filing Years

Serious risk (Non-CIP and V1-V3) Target


1.6% 1.4% 1.9% 1.4% 2.1% 3.0% 4.9% 4.4% 3.5%
Tracking Risk of CIP Noncompliance

CIP Only Serious Risk Violations
3-Year Rolling Average

Percentage of Violations with Serious Risk per Three-Year Period

Filing Years


0.0% 0.7% 1.2% 1.6% 3.0% 5.9% 5.7% 4.1%

Target, 5%
Avoiding Recurrence of Noncompliance

Compliance History for Moderate and Serious Risk Noncompliance

- Total Moderate or Serious Risk Filed
- Moderate and Serious Risk with Similar Conduct
- Moderate and Serious RiskFiled with Compliance History

Yearly Instances of Noncompliance:
- 2012: 459
- 2013: 529
- 2014: 342
- 2015: 284
- 2016: 301
- 2017: 219
- 2018: 64

Filing Year
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
Coordinated Oversight Program for MRREs

Percentage of MRREs under Coordinated Oversight by Lead RE

- MRO, 16
- Texas RE, 9
- WECC, 6
- RF, 12
- NPCC, 1
- SERC, 5

Coordinated Oversight Program for MRREs
• 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