Implementation Plan Background

• Purpose of the Compliance Monitoring and Enforcement Program (CMEP) Implementation Plan (IP)
  ▪ Annual CMEP-related operating plan for NERC and Regional Entities
  ▪ Implementation of risk-based approach for CMEP activities

• Timeline
  ▪ NERC posts on or about September 1 of preceding year
  ▪ Regional Entities submit Regional IPs on or about October 1
  ▪ NERC reviews and posts combined IP in November
  ▪ Updates may occur throughout year

• Outreach
  ▪ Industry Webinar: Tuesday, November 13, 2018
• Program Alignment
• Compliance Guidance
• Coordinated Oversight of MRREs
• Revised Risk Elements
• Roles
  ▪ Highlight risks that merit increased focus for CMEP activities
  ▪ Used in prioritizing and evaluating monitoring scopes
  ▪ Not exclusive list of all risks to reliability of the bulk power system (BPS)

• Enhanced for 2019
  ▪ Reflects maturing risk-based program
  ▪ Better articulated as discrete issues
  ▪ Clearer focus in the plan to specific Reliability Standard requirements

• Enables feedback mechanism for future plans
  ▪ Evaluates how risks are being prevented or mitigated
  ▪ Results used to shape and impact future monitoring focus
Establishing Risk Elements

• Several inputs
  - Compliance findings and Enforcement data
  - Event Analysis experience
  - Prioritized or emerging risks
  - Critical Infrastructure Protection themes
  - Reliability Issues Steering Committee’s ERO Reliability Risk Priorities

• Risk elements written to consider potential impact or emerging risk
  - Does not mean all risks
  - Provides actionable information to shape areas of focus
## Comparison of 2016-2018 Risk Elements and 2019 Risk Elements

<table>
<thead>
<tr>
<th>2016-2018 Risk Elements</th>
<th>2019 Risk Elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Critical Infrastructure Protection</td>
<td>Improper Management of Employee and Insider Access</td>
</tr>
<tr>
<td>Extreme Physical Events</td>
<td>Insufficient Long-Term Planning Due to Inadequate Models</td>
</tr>
<tr>
<td>Maintenance and Management of BPS Assets</td>
<td>Insufficient Operational Planning Due to Inadequate Models</td>
</tr>
<tr>
<td>Monitoring and Situational Awareness</td>
<td>Spare Equipment with Extended Lead Time</td>
</tr>
<tr>
<td>Protection System Failures</td>
<td>Inadequate Real-time Analysis During Tool and Data Outages</td>
</tr>
<tr>
<td>Event Response/Recovery</td>
<td>Improper Determination of Misoperations</td>
</tr>
<tr>
<td>Planning and System Analysis</td>
<td>Inhibited Ability to Ride Through Events</td>
</tr>
<tr>
<td>Human Performance</td>
<td>Gaps in Program Execution</td>
</tr>
</tbody>
</table>
Looking Ahead to 2019
2019 ERO Enterprise CMEP IP Draft 1
Questions and Answers
Compliance Monitoring and Enforcement Program Quarterly Report

Q3 2018

Sônia Mendonça, Vice President, Deputy General Counsel, and Director of Enforcement
Ken McIntyre, Vice President and Director of Regulatory Programs
Compliance Committee Meeting
November 6, 2018

RELIABILITY | ACCOUNTABILITY
Percentage of Noncompliance by Discovery Method
Q3 2018

- Self-Report: 76%
- Audit: 18%
- Self-Certification: 4%
- Spot-Check: 2%
### 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>
</tr>
</thead>
<tbody>
<tr>
<td>2015 and Older</td>
<td>10206</td>
<td>8</td>
<td>99.92%</td>
<td>99%</td>
<td>100%</td>
<td>0.01%</td>
</tr>
<tr>
<td>2016</td>
<td>1150</td>
<td>116</td>
<td>89.91%</td>
<td>85%</td>
<td>90%</td>
<td>1.11%</td>
</tr>
<tr>
<td>2017</td>
<td>2008</td>
<td>732</td>
<td>63.55%</td>
<td>70%</td>
<td>75%</td>
<td>6.55%</td>
</tr>
</tbody>
</table>

### Ongoing Mitigation By Discovery Year

- 2015 & Older: 1%
- 2016: 14%
- 2017: 85%
Non-CIP and V1-V3 Serious Risk Violations
3-Year Rolling Average

Percentage of Violations with Serious Risk per Three-Year Period

- **Target, 5%**
- **2008-2010: 1.6%**
- **2009-2011: 1.4%**
- **2010-2012: 1.9%**
- **2011-2013: 1.4%**
- **2012-2014: 2.1%**
- **2013-2015: 3.0%**
- **2014-2016: 4.9%**
- **2015-2017: 4.4%**
- **2016-2018: 3.4%**
Similar Prior Conduct

Compliance History for Moderate and Serious Risk Noncompliance

Instances of Noncompliance

Filing Year

- 2012: 215
- 2013: 172
- 2014: 153
- 2015: 141
- 2016: 134
- 2017: 103
- 2018: 46

- Moderate and Serious Risk Filed with Compliance History
- Moderate and Serious Risk with Similar Conduct
- Total Moderate or Serious Risk Filed
• Implementation Guidance (IG):
  ▪ No new proposed IG received,
  ▪ One IG endorsed,
  ▪ No IG were not endorsed, and
  ▪ One IG currently under review.

• The Compliance and Certification Committee (CCC) did not receive any new Pre-qualified Organization applications.
Coordinated Oversight Program for MRREs

Distribution of MRREs under Coordinated Oversight by Lead RE

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

Texas RE, 9
SERC, 5
WECC, 6
MRO, 16
NPCC, 1
RF, 12
• Program Alignment Items
  ▪ Fifteen completed
  ▪ Four in progress

• Continued outreach in collaboration with CCC Alignment Working Group at Regional Entity workshops