

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

NARUC PANEL

NERC's Compliance Program and Initiatives

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RELIABILITY | ACCOUNTABILITY



- History of NERC
- NERC's Statutory Program Areas
- NERC's Compliance Monitoring and Enforcement Program
- NERC's Compliance Enforcement Initiative
- Next Steps

- From voluntary, industry-sponsored organization to Electric Reliability Organization
- Energy Policy Act of 2005
- June 18, 2007 mandatory and enforceable date

- Reliability Standards
- Compliance Monitoring and Enforcement Program (CMEP); Organization Registration and Certification
- Reliability Assessment and Performance Analysis
- Training Education and Certification
- Situation Awareness and Infrastructure Security
- Administrative

- NERC monitors, assesses and enforces compliance
- CMEP identifies eight monitoring methods
 - Self-report
 - Self-certification
 - Periodic Data Submittal
 - Exception Reporting
 - Complaints
 - Investigations
 - Audits
 - Spot Checks
- Over 1,900 entities are subject to over 100 standards

- Refocus efforts on reliability excellence
 - Differentiate issues of noncompliance based on the level of risk to the reliability of the bulk power system
 - Continue to identify, correct and report all instances of noncompliance
- Eliminate undue regulatory burdens
- Streamline paperwork and filing requirements
- Encourage continued timely and thorough self-reporting and mitigation
- Improve caseload processing

- **Dismissal**
 - Occurs when there are no violations, when the entity is not registered for and/or subject to a particular requirement, or when there are duplicate entries of issues
- **Find, Fix, Track and Report (FFT) - *New!***
 - This process will apply when a Possible Violation poses a lesser (minimal to moderate) risk to bulk power system reliability
- **Notice of Penalty (NOP)**
 - For those matters that pose more risk to reliability of the bulk power system, NOPs will be filed
 - May be filed in either a spreadsheet format or a full NOP format

**Phase I –
September 2011**

Possible
Violations
identified in all
compliance
monitoring
methods qualify
for FFT Report
consideration

**Phase II –
September 2012 or
later**

CEA auditors make
determinations in
the field on
disposition tracks;
CEA Enforcement
staff make
determinations on
other monitoring
methods

**Phase III –
2013 or later**

Future options
could include
aggregated
reporting of
Remediated
Issues to CEA,
NERC and FERC

- A Registered Entity may opt out of FFT processing
- Upon correction and submittal of FFT filing, the Possible Violation becomes a Remediated Issue
 - No penalty or sanction is assigned
 - Formal Mitigation Plans will not be required
 - Mitigating activity completion may be verified anytime
- Remediated Issues become part of a Registered Entity's compliance history

- On September 30, 2011, NERC filed several components of the Compliance Enforcement Initiative
 - Petition for Approval of New Enforcement Mechanisms
 - Reports due to industry at six months and one year
 - 117 FFT Remediated Issues
 - 75 Spreadsheet NOPs
 - 27 Full NOPs
- On October 28, 2011, FERC issued notice of no further review of the Spreadsheet NOPs and the Full NOPs

- On October 31, 2011, NERC filed the second group
 - 82 FFT Remediated Issues
 - 46 Spreadsheet NOPs
 - 31 Full NOPs
- On November 30, 2011, FERC issued notice of no further review of the Spreadsheet NOPs and the Full NOPs

- On November 30, 2011, NERC filed the third group
 - 50 FFT Remediated Issues
 - 60 Spreadsheet NOPs
 - 21 Full NOPs
- On December 30, 2011, FERC issued notice of no further review of the Spreadsheet NOPs and the Full NOPs

- On December 30, 2011, NERC filed the fourth group
 - 76 FFT Remediated Issues
 - 54 Spreadsheet NOPs
 - 15 Full CIP NOPs
- On January 27, 2012, FERC issued notice of no further review of the Spreadsheet NOPs and the Full NOPs

- On January 31, 2012, NERC filed the fifth group
 - 57 FFT Remediated Issues
 - 51 Spreadsheet NOPs
 - 21 Full CIP NOPs
- FERC order pending

- NERC committed to submit six-month and one-year informational filings with FERC
 - On or about March 30, 2012
 - On or about September 28, 2012
- NERC is working with Regional Entities
- NERC is soliciting Registered Entity feedback
 - February MRC meeting
 - Registered Entity responses to survey were due February 1, 2012
 - Written comments may be submitted by e-mail on or before February 23, 2012 to CEIcomments@nerc.net

- Guidelines
- Data and Trends
- Benefits
- Implementation and Transition Challenges
- Potential Improvements
- Training Schedule

- Approximately 60% are self-identified
- To date, 382 FFTs filed
 - They include minimal to moderate risk issues
 - They include documentation and operational issues
 - Actions were taken to correct and prevent issues
 - 1 was moved to Spreadsheet NOP
- Of these, 61 were late-filed TFEs
 - 50 were CIP-007
 - 7 were CIP-005
 - 4 were CIP-006

- Self-reported and self-identified
- Lesser risk to BPS (minimal to moderate)
- Informal/automatic procedures existed
- Corrected prior to filing
- Very few devices excluded
- Operated within good utility practice
- Short duration/promptly corrected
- Backup protection/process in place
- Trusted/experienced employee
- No event occurred during possible violation period

- Improve alignment of time, resources and record development with the risk posed to reliability.
 - Expected for NERC, Regional Entities and Registered Entities
 - Find, correct and prevent, track and report all non-compliances
 - Allows focus on more serious risk issues
 - Provides incentive to self-report and fix more quickly
- Achieve efficiency gains
- Reduce information dissemination delays
- Focus more time on ensuring reliable operations

- Consistency in evaluation and disposition track
- Pre-existing and repeat violation treatment
- Existing caseload and incoming issues
- Verification activities
- Outcome of FERC order on September 30 filing
- Development of IT solutions and revised self-reports
- Training compliance staff in 2012
- Phase II implementation currently targeted in 2013

- Evaluate potential improvements
- Conduct training activities
- Provide guidance and information on FFT examples
- Conduct industry webinars on implementation



Questions?