

**NERC**

NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

# National Hydro Association

NERC and Regional Entity Role in Enforcement

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**RELIABILITY | ACCOUNTABILITY**



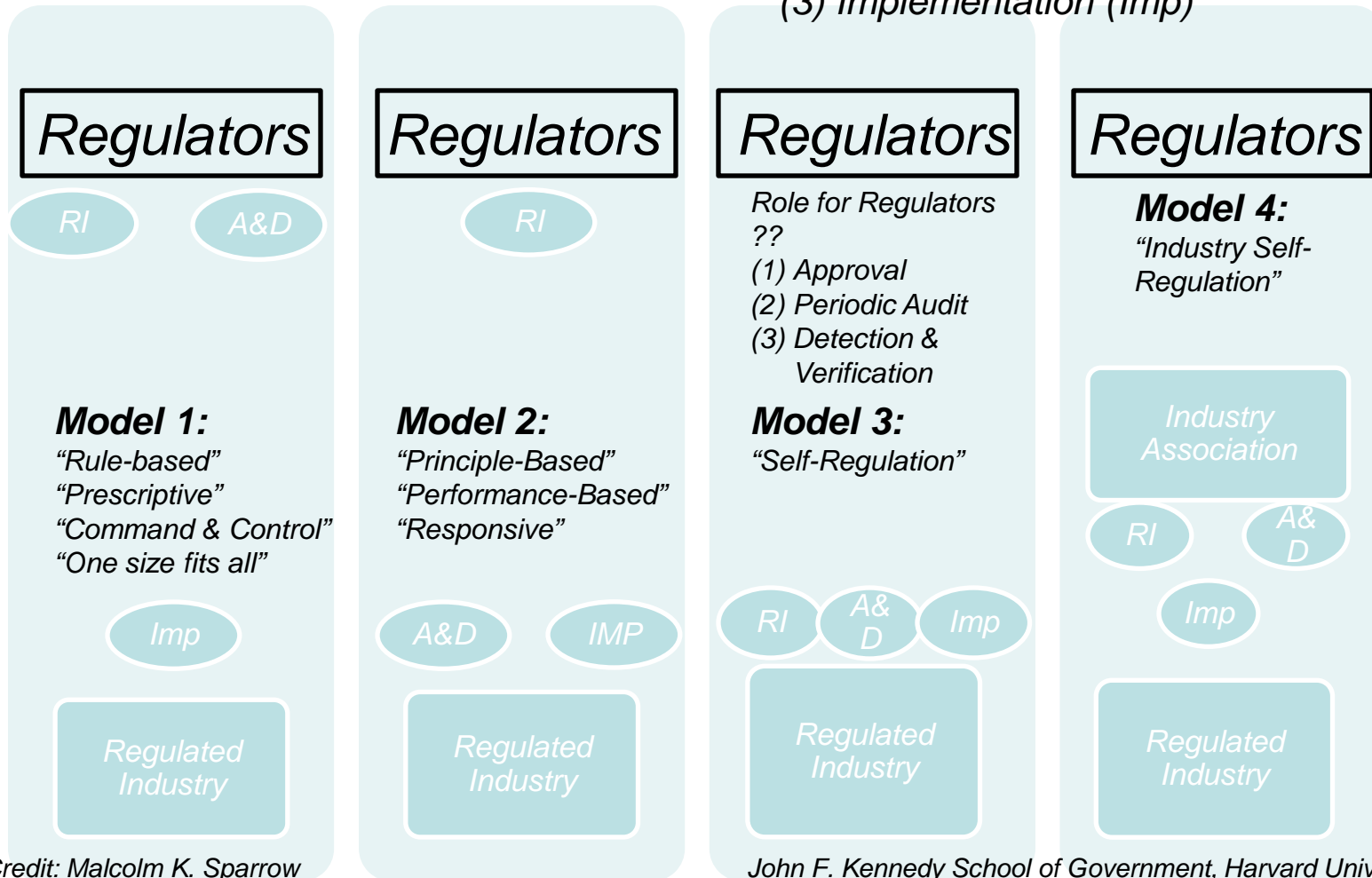
- History of NERC
- NERC's Statutory Program Areas
- NERC's Compliance Monitoring and Enforcement Program
- NERC's Compliance Enforcement Initiative

- 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

Locating Responsibility for:

- (1) Risk Identification (RI)
- (2) Analysis & Design (A&D)
- (3) Implementation (Imp)

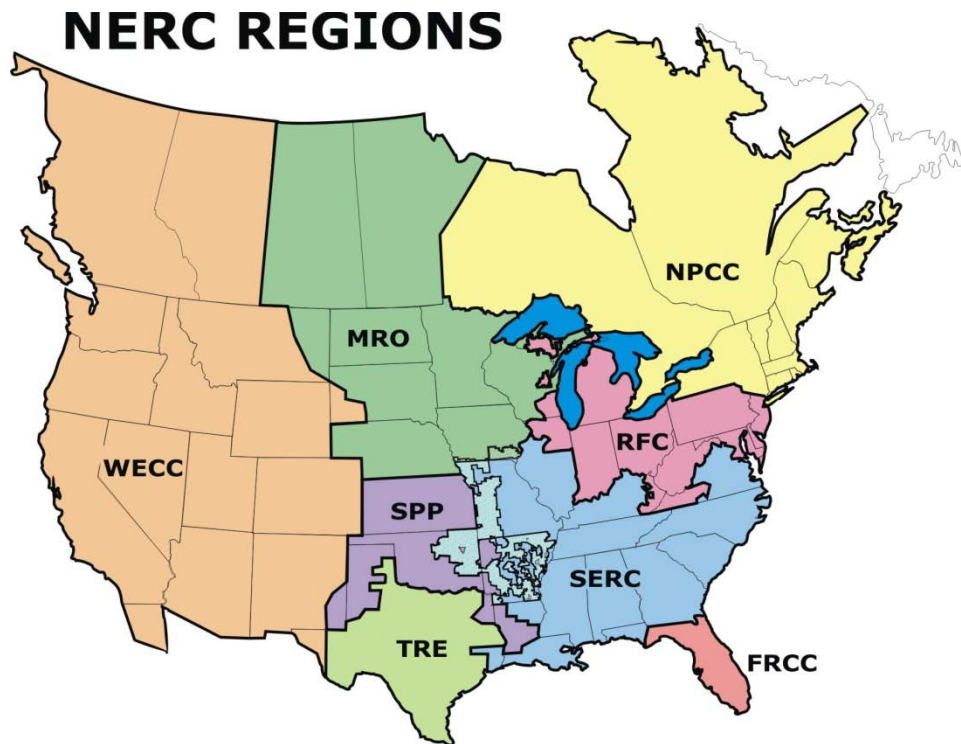


Credit: Malcolm K. Sparrow

John F. Kennedy School of Government, Harvard University

- Focus on improving BPS reliability.
  - Prompt reporting
- Protects confidentiality of involved parties.
- Regional implementation
  - Regional Entities perform compliance monitoring of users, owners and operators on behalf of NERC.
- NERC oversight role.
  - Active oversight
  - Audits of regional implementation

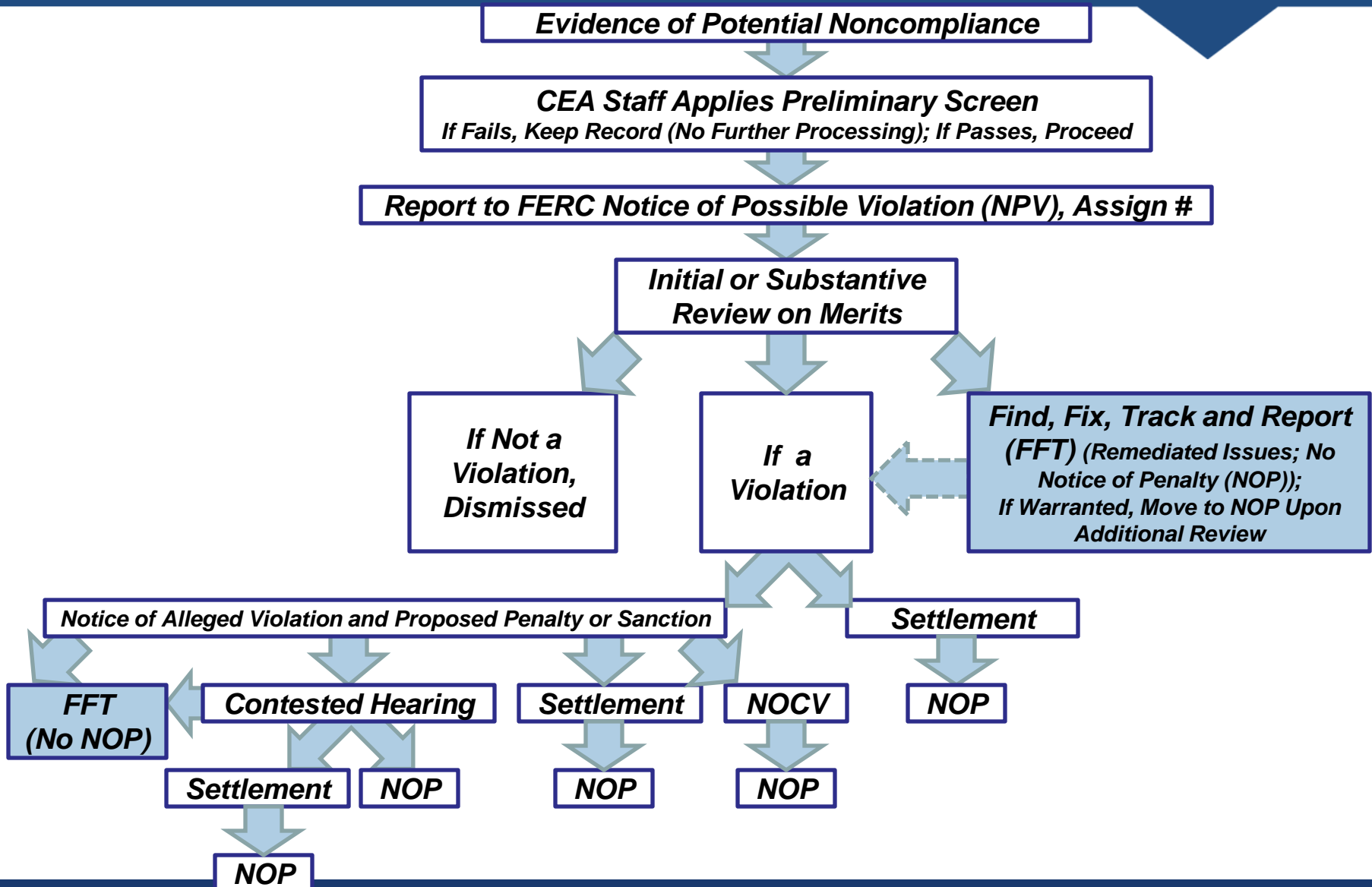
- NERC works with eight regional entities.
- Authority delegated pursuant to Section 215(e)(4) of the Act (separate delegation in US and Canada).
- REs enforce Reliability Standards within their geographic boundaries.
- May develop Regional Reliability Standards and Regional Variances.
- Must comply with the applicable provisions of NERC's Rules of Procedure, and Reliability Standards.



- 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.



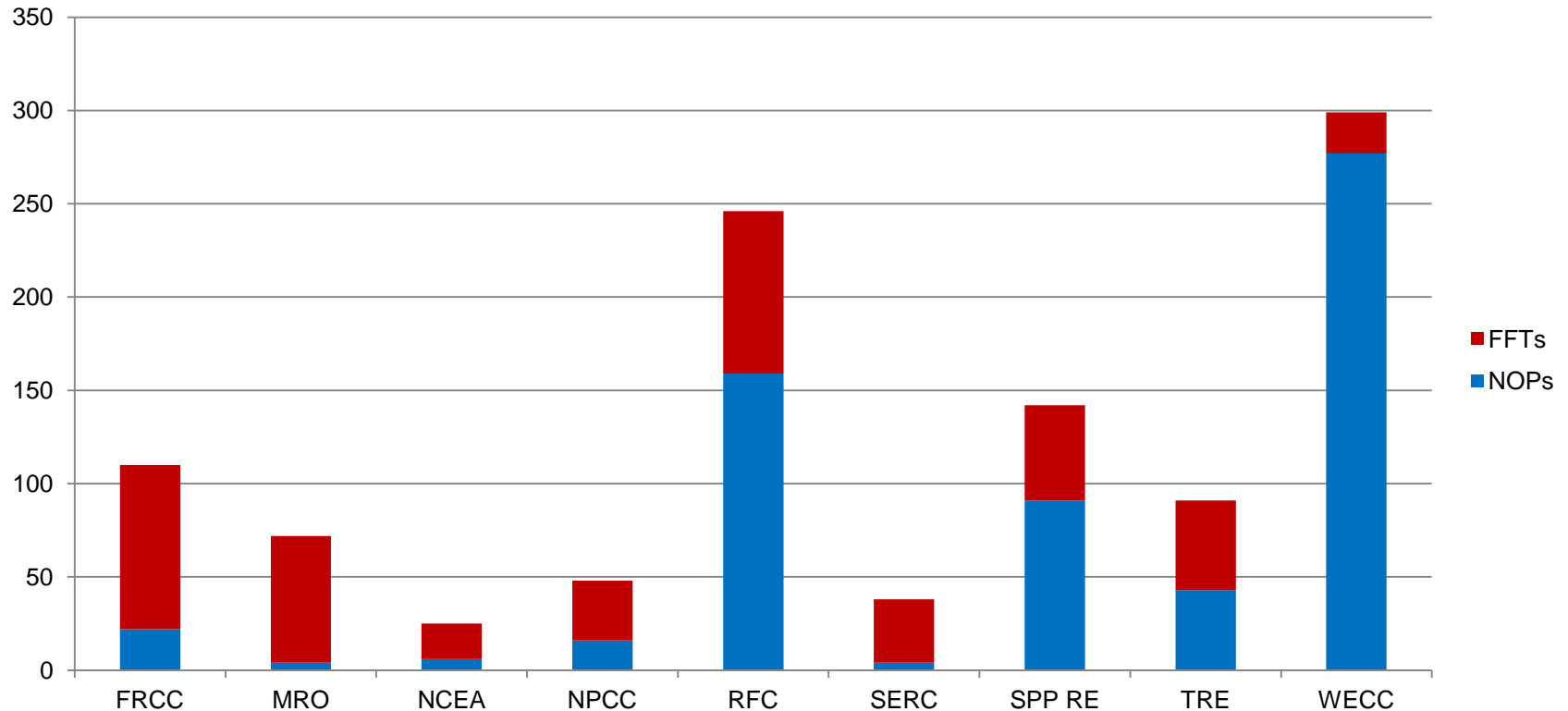
- **Dismissal**
  - Occurs when there are no violations, when the entity is not registered for and/or subject to a particular requirement, or when there are duplicate entries of issues.
- **Find, Fix, Track and Report (FFT) - *New!***
  - This process will apply when a Possible Violation poses a minimal 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.



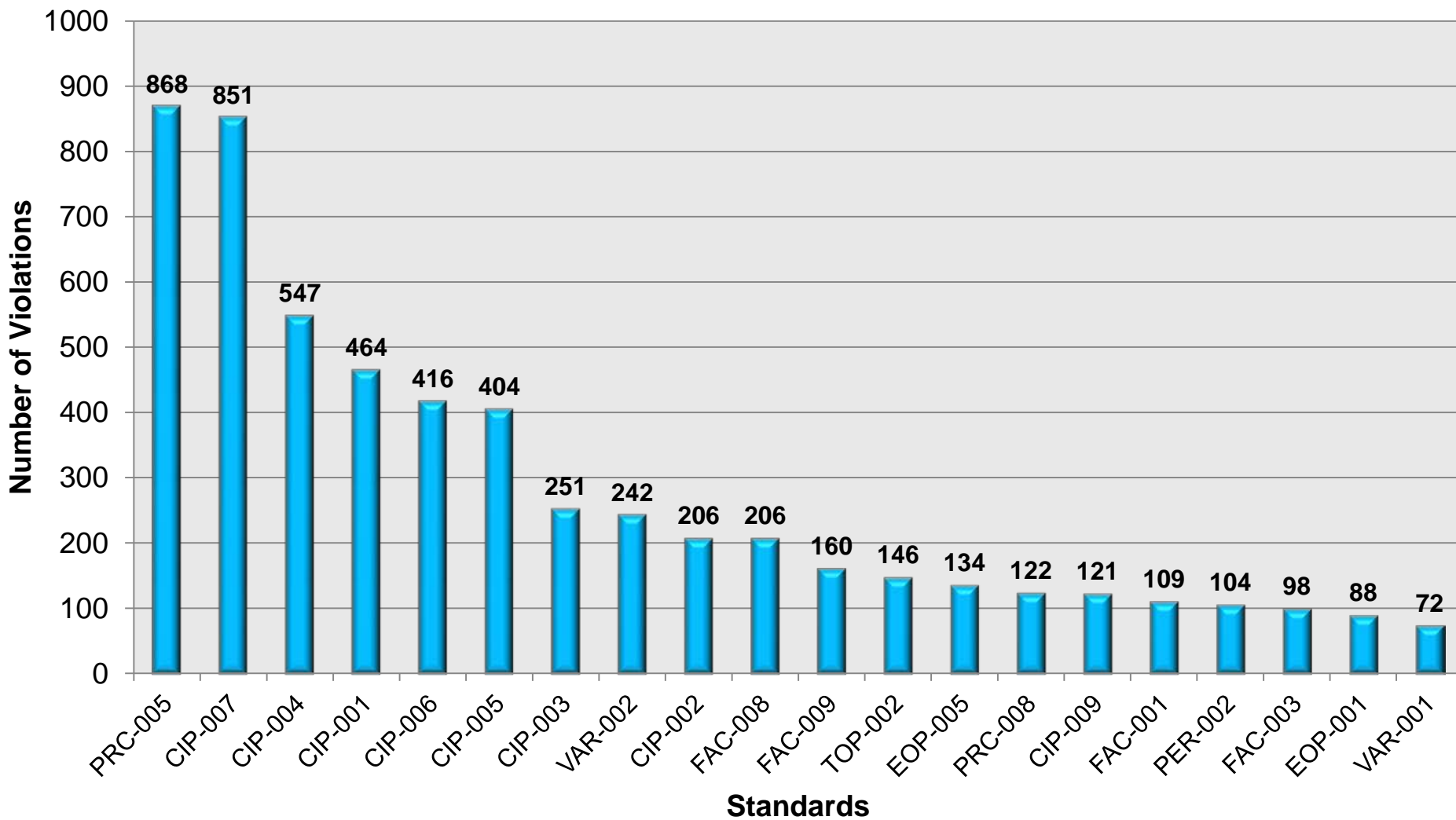
- Refocus efforts on reliability excellence.
  - Differentiate issues of noncompliance based on the level of risk to the reliability of the bulk power system
  - Continue to identify, correct and report all instances of noncompliance
- Eliminate undue regulatory burdens.
- Streamline paperwork and filing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

- Minimal risk possible violations.
- A Registered Entity may opt out.
- No penalty and do not require formal mitigation plans
- Registered entities must certify that an issue has been mitigated.
- Violations are final 60 days after submittal to FERC.
- Violations remain part of a Registered Entity's compliance history.
- There are no categorical inclusions or exclusions by standard.

## Total FFTs/NOPs by Region (September 2011 - March 2012)



# Top 20 Enforceable Standards – Violated Active and Closed Violations thru April 1, 2012



- BES Definition.
- Generator Requirements at the Transmission Interface.



**Questions?**