

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

NWPPA PRESENTATION

NERC's Compliance Enforcement Initiative

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RELIABILITY | ACCOUNTABILITY



- Overview of the Compliance Enforcement Initiative
- Overview of FFTs
- Evaluation Guidance and Representative FFTs
- Data and Trends
- Benefits
- Implementation and Transition Issues
- Six-month Filing with FERC
- Next Steps

- 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

- Six filings submitted to FERC from September, 2011 to February, 2012.
- Six month and one year status reports due to FERC in 2012.
- All eight Regional Entities using new formats.
- NERC is continuing outreach efforts to ensure successful implementation.

- **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

- 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
 - Remediated Issues may not be contested in subsequent enforcement actions.

- Lesser risk (minimal to moderate) to the reliability of the bulk power system (BPS).
- Does not include more serious risk issues.
- Existing caseload and new possible violations eligible.
- Mitigation completed.
- Repeat violations eligible for consideration depending on the circumstances.

PRC-008 (Documentation)

Issue: *Of its 21 UFLS devices, no evidence of maintenance and testing for 2 station batteries.*

Risk: *Has past maintenance and testing dates and most recent UFLS testing records, only has two interconnection points and will only shed 23 MW of UFLS load.*

Mitigation: Maintenance and testing policy updated and all devices tested.

VAR-002 (Operational)

Issue: Operator mistakenly placed a voltage regulator into automatic VAR mode rather than automatic voltage control mode (unclear manufacturer control labeling).

Risk: (minimal): Corrected promptly, all voltage schedules met, not called upon to support transmission system voltage, small entity, connected to the 138 kV.

Mitigation: Display screen modified, retrained operators on requirements for automatic voltage regulation and operation of the generator control panel.

CIP-007 (Documentation)

Issue: Entity self-reported it did not have a patch management procedure in place and updates were not documented.

Risk (minimal): Patches were performed informally using an application to identify vulnerabilities in third party applications.

Mitigation: Ticket tracking system put in place and documented; all devices and updates now tracked and documented.

PRC-001 (Operational)

Issue: Substation tech disabled primary and backup relaying on a 345 kV line in the adjacent panel when drilling without notifying its TOP.

Risk (moderate): Relaying was disabled four minutes prior to notifying the registered TOP but high-speed clearing of the fault still would have occurred.

Mitigation: Operating personnel were retrained on proper notification procedures.

- 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

- Approximately 60% are self-identified
- To date, 428 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

- 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

- 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 solicited Registered Entity feedback
 - February MRC meeting
 - Registered Entity responses to survey were due February 1, 2012
 - Written comments were submitted by e-mail by February 23, 2012 to CEIcomments@nerc.net

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

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



Questions?