NWPPA PRESENTATION

NERC’s Compliance Enforcement Initiative

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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
Compliance Enforcement Initiative

- 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.
Possible Enforcement Tracks

- **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
Overview of FFT

• 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.
Some FFT Attributes

• 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
Data and Trends

• 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
Benefits of CEI and FFT

• 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
Implementation and Transition Issues

- 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
6-Month Status Report to FERC

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

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