

# 3-Month CEI Status Update

Industry Webinar

December 13, 2011

**RELIABILITY | ACCOUNTABILITY**



- 1) Progress of CEI
- 2) Overview of FFT experience to date
- 3) Reporting information on reliability issues
- 4) Preparation for 6-month filing with FERC

- Docket No. RC11-6: Petition for Approval of New Enforcement Mechanisms; Initial Informational Filing of FFTs
  - First group of FFT Remediated Issues
    - 117 total: 62 Operations/Planning Standards/55 CIP Standards
  - No action requested on individual FFT Remediated Issues
  - Report back to the Commission and industry stakeholders at six months and one year following initial filing
  - Comments were filed on October 21, 2011

- Second group of FFT Remediated Issues and second Spreadsheet NOP violations were filed October 31, 2011
  - Docket No. RC12-1: 82 FFT Remediated Issues
  - Docket No. NP12-1: 31 in Full CIP NOP
    - FERC issued Notice of No Further Review on November 30, 2011
  - Docket No. NP12-2: 46 in Spreadsheet NOP
    - FERC issued Notice of No Further Review on November 30, 2011

- Third group of FFT Remediated Issues and second Spreadsheet NOP violations were filed November 30, 2011
  - Docket No. RC12-2: 50 FFTs
  - Docket No. NP12-5: 60 Spreadsheet NOP violations
  - Docket Nos. NP12-3 and NP12-4: 21 Full NOP violations
- NERC expects to file additional FFTs, Spreadsheet NOPs, and Full NOPs on December 30, 2011
- NERC expects to make six-month and one-year informational filings with FERC

# CEI Processing Statistics

	<b>NOP Violations</b>	<b>FFTs</b>	<b>Total Filed with FERC</b>
<b>September</b>	119	128	219
<b>October</b>	48	133	159
<b>November</b>	44	45	131
<b>December</b>	123	80	

# CEI Processing Statistics by Region

	<b>September NOP/FFT</b>	<b>October NOP/FFT</b>	<b>November NOP/FFT</b>	<b>December NOP/FFT</b>
<b>FRCC</b>	12/30	0/25	0/2	0/16
<b>MRO</b>	0/24	1/9	0/11	1/26
<b>NPCC</b>	0/2	0/4	0/7	7/0
<b>RFC</b>	58/8	15/17	29/14	21/19
<b>SERC</b>	0/22	0/2	0/3	2/2
<b>SPP RE</b>	8/24	0/8	0/6	12/3
<b>TRE</b>	0/12	0/13	0/1	17/10
<b>WECC</b>	41/6	32/55	15/1	63/1
<b>NCEA</b>	0/0	0/0	0/0	6/13

- Filed September 30, 2011
  - Self-Report 46%
  - Audit 39%
  - Spot Check 8%
  - Self-Certification 7%
- Filed October 31, 2011
  - Self-Report 60%
  - Audit 26%
  - Self-Certification 12%
  - Spot Check 6%



- Filed November 30, 2011
  - Self-Report 60%
  - Self-Certification 18%
  - Spot Check 16%
  - Audit 4%
  - Periodic Data 2%
- Percentage of self-identified FFTs is increasing

- In first three months, 50% of issues filed were FFTs, 35% were in Spreadsheet NOPs, and 15% were in Full NOPs
- In five of the last six months, the ERO has processed more violations than it has received
  - More have been going out than coming in
- In 2011, caseload projected to increase by less than half of the increase in 2010

- Regional Entities have the responsibility for determining possible violations for FFT treatment
- Registered Entities can increase chances of FFT treatment
  - Timely identification and fixing of reliability issue
  - Timely self-reporting
  - Complete reporting of mitigating activities
    - Some regions may still require mitigation plans for an interim period

# Compliance Enforcement Initiative:

## GUIDANCE FOR SELF- REPORTS

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# Submitting Self-Reports

*Registered Entities are encouraged to provide Self-Reports of potential noncompliance with NERC Reliability Standards as promptly as possible.*

*A Self-Report should include sufficient information to assist the Compliance Enforcement Authority to make an informed decision regarding the proper disposition of the matter.*

# Self-Reports: What to include?

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## *Nature of the Potential Noncompliance*

- What, Why, When, Where, How
- Duration: start and end dates
- Reliability Standard requirements at issue
- Time horizon of the potential noncompliance
- Was the potential noncompliance related to documentation, performance or both?

## *Discovery*

- How was the noncompliance discovered?
- Who discovered it and when?
- Self-evaluation, internal audit, or ICP? Result of an investigation or in preparation for or during an audit? Discovered during an event or operational occurrence?
- What time period elapsed between discovery and reporting? Explain gaps.



### *Scope (Extent of Condition)*

- Did similar conditions or similar events occur at any of the Registered Entity's other facilities or those of its affiliates?
- Is this a repeat Violation or repeat Remediated Issue?

## *Cause*

- Were there extenuating circumstances?
- Was it the result of intentional, negligent or inadvertent behavior or action?
- Was the Registered Entity attempting to comply in good faith?

## *Mitigation*

- What activities have been taken or will be taken to correct the noncompliance?
- What is the status of mitigation activities?
- What is the timeline for completion?
- What will prevent recurrence?
- Describe above and beyond actions

## ***RISK***

- What is the potential and actual risk and harm to the reliability of the bulk power system?
- What factors mitigated the risk?
- What were the system conditions during the event?
- What are the size, nature, and location of the facilities at issue?
- Were there were any misoperations, system operating limits, or interconnection reliability operating limits?

## *Personnel Involved*

- Include the identity of employees involved
- What was the role of senior management with respect to the potential noncompliance?
- Did senior management actively participate and encourage employees to provide complete information?

## *Internal Compliance Program*

- Describe the internal compliance program
- When was it established?
- What improvements have been implemented as a result of the potential noncompliance?
- If the ICP was in place at the time of the potential noncompliance, explain whether the ICP could have prevented the potential noncompliance.

*Other*

- Provide or list all relevant documents and evidence in support of the Self-Report and issues discussed above

- Demonstrable reliability benefits of FFT
  - Incentive to find and fix possible violations more quickly
  - Less time spent in enforcement = More time spent ensuring reliable operations
  - Expedited reporting of mitigating activities to public
- Will look for supporting evidence from Regional Entities
- Soliciting Registered Entity feedback via NERC Member Representatives Committee



- Registered Entity support of FFT has been valuable
- Regional Entities are supporting FFT
- NERC is continuing to work with Registered Entities and to engage in outreach efforts to ensure successful implementation

**The ERO is on top of reliability.**