

Guidance for Compliance Monitoring and Enforcement Pending Retirement of Standards and Requirements Pursuant to Paragraph 81

April 9, 2013

This guidance is provided to Regional Entities and registered entities regarding the compliance monitoring and enforcement of the 34 Requirements within 19 Reliability Standards that were identified in North American Electric Reliability Corporation's (NERC) February 28, 2013 *Petition of the North American Electric Reliability Corporation for Approval of Retirement of Requirements in Reliability Standards* filing. In summary, NERC's guidance is for Regional Entities to cease actively monitoring compliance on these 34 Requirements, and to hold further processing of new or existing Possible Violations effective immediately until action by the Federal Energy Regulatory Commission (FERC or Commission).

I. Background

On March 15, 2012, the Commission issued an Order¹ on NERC's Find, Fix, Track and Report (FFT) program. In the Order, NERC was invited to make a proposal to the Commission identifying specific Reliability Standards or Requirements that need to be revised or retired because they provide little protection to the reliability of the bulk power system (BPS).

In response to the Commission's Order, and after approval by the NERC Board of Trustees, on February 28, 2013, NERC filed a *Petition of the North American Electric Reliability Corporation for Approval of Retirement of Requirements in Reliability Standards* with FERC. In the Petition, NERC requested approval of the retirement of 34 Requirements within 19 Reliability Standards. As outlined in the Petition, NERC believes these Requirements should be retired because they are redundant or otherwise unnecessary, and violations of the Requirements pose a lesser risk to the reliability of the BPS. The following 34 Requirements were identified for retirement:

¹ *North American Electric Reliability Corporation*, 138 FERC ¶ 61,193 at P 81 (2012).

34 Requirements Proposed for Retirement		
BAL-005-0.2b R2	CIP-003-4 R4.2	INT-007-1 R1.2
CIP-003-3 R1.2	CIP-005-3a R2.6	IRO-016-1 R2
CIP-003-3 R3	CIP-005-4a R2.6	NUC-001-2 R9.1
CIP-003-3 R3.1	CIP-007-3 R7.3	NUC-001-2 R9.1.1
CIP-003-3 R3.2	CIP-007-4 R7.3	NUC-001-2 R9.1.2
CIP-003-3 R3.3	EOP-005-2 R3.1	NUC-001-2 R9.1.3
CIP-003-3 R4.2	FAC-002-1 R2	NUC-001-2 R9.1.4
CIP-003-4 R1.2	FAC-008-3 R4	PRC-010-0 R2
CIP-003-4 R3	FAC-008-3 R5	PRC-022-1 R2
CIP-003-4 R3.1	FAC-010-2.1 R5	VAR-001-2 R5
CIP-003-4 R3.2	FAC-011-2 R5	
CIP-003-4 R3.3	FAC-013-2 R3	

II. Compliance Monitoring and Enforcement Guidance

NERC will remove the 34 Requirements from the Compliance Monitoring and Enforcement Program Annual implementation plan and the Actively Monitored List (AML), effective immediately. NERC’s guidance is that Regional Entities are to cease actively monitoring these 34 Requirements pursuant to the compliance discovery methods set forth in the NERC Rules of Procedure. Regional Entities should document removal of any of the 34 Requirements from audit engagements in the final Compliance Audit Reports. In addition, pending FERC action on the Petition, all new and existing Possible Violations of these 34 Requirements will be held, and will not be processed by Regional Entities or NERC.

Registered entities are encouraged to retain information regarding newly discovered instances of non-compliance with these 34 Requirements, until final action by FERC on the Petition. This is in lieu of submitting a self-report.² If, as a result of FERC action on the Petition, any one or more of the 34 Requirements is not retired, registered entities will have an opportunity to submit the corresponding self-report at that time. These self-reports will be considered to be timely submitted.

As to the Requirements that are retired as a result of FERC action on the Petition, existing Possible Violations will be closed with no further action. These Possible Violations will not be included in the registered entity’s compliance history.

² To the extent self-reports regarding these 34 Requirements are submitted, they should be held and not processed by Regional Entities, as discussed above.

NERC's mission to ensure and improve the reliability excellence of the BPS is achieved through the ongoing identification, correction and prevention of reliability risks, both big and small. Accountability for reliability excellence is broader than processing Possible Violations. Under NERC's risk-based approach to compliance monitoring and enforcement, NERC, Regional Entities and all stakeholders should focus attention, resources and actions on issues most important to BPS reliability. Any compliance monitoring and enforcement actions associated with issues involving the 34 Requirements listed above, which NERC has deemed to provide little protection to the reliability of the BPS, should be consistent with this approach.

III. Additional Efforts under Paragraph 81

The concept of identifying and revising or removing Requirements that provide little protection to the reliability of the BPS will continue to inform the standards development process going forward. As a result, although it is not expected that a new, stand-alone petition would be filed pursuant to Paragraph 81, NERC will continue to develop proposals for retirement of Requirements, when appropriate and consistent with Paragraph 81. This guidance will apply to those proposed retirements upon their respective approval by the NERC Board of Trustees.