NERC’s Compliance Enforcement Initiative *Find, Fix, Track and Report Implementation*

Winter 2012 ERO CEA Workshop

February 22, 2012
• Overview
• Data and Trends
• Guidelines
• Benefits
• Implementation Challenges
• Misconceptions
• Potential Improvements
• Six-month Filing with FERC
• Training Schedule
Compliance Enforcement Initiative

- Refocus efforts on reliability excellence
- Eliminate undue regulatory burdens
- Streamline paperwork and filing requirements
- Encourage continued timely and thorough self-reporting and mitigation
- Improve caseload processing
• Five filings submitted to FERC from September to December, 2011.
• 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
• Find, Fix, Track and Report (FFT)
• Notice of Penalty (NOP)
• A registered entity may opt out of FFT processing.

• Upon correction and submittal of FFT filing, the Possible Violation (PV) 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.
FFTs by Month
(September 2011 - January 2012)

- Sept: 117 FFTs
- Oct: 82 FFTs
- Nov: 50 FFTs
- Dec: 76 FFTs
- Jan: 57 FFTs
Number of FFTs filed at FERC by Regional Entity
(September 2011 - January 2012)
Number of FFTs by Reliability Standard Family
(September 2011 - January 2012)

- CIP: 234
- PRC: 40
- FAC: 36
- EOP: 25
- VAR: 14
- TOP: 8
- BAL: 6
- PER: 6
- MOD: 3
- TPL: 3
- COM: 3
- INT: 2
- IRO: 2
- NUC: 0
FFT Standard Breakdown
(September 2011 - January 2012)

*Chart includes all version of the Standard*
Total FFTS/NOPs by Region
(September 2011- January 2012)
Data and Trends

FFTs by Discovery Method as of 1/31/2012

- Internally Identified (Self reports, Self certifications, Data Submittal, Exception reporting) - 45%
- Externally Identified (Audits, Spot checks, Investigations) - 55%
Evaluation Guidance for FFTs

- Lesser risk (minimal to moderate) to the reliability of the bulk power system (BPS).
- Does not include serious risk issues.
- Existing caseload and new PV’s eligible.
- Mitigation completed before filing.
- Repeat violations eligible for consideration depending on circumstances.
**Issue:** Bias setting used single most severe disturbance rather than averaging several; found at audit.

**Risk:** By using most severe disturbance, the fixed Frequency Bias was set greater than or equal to its average Frequency Response.

**Mitigation:** Revised procedure to include several disturbances to establish the bias setting.
CIP-001

**Issue:** Emergency Response Plan did not explicitly provide for sabotage response guidelines; found at audit.

**Risk:** Informal procedures existed, and entity does not own any BES elements.

**Mitigation:** Updated current procedure and retrained all personnel.
CIP-002

**Issue:** Failed to consider all assets when applying Risk Based Assessment Methodology (RBAM); found at audit.

**Risk:** Entity owns no critical assets and does have a documented RBAM.

**Mitigation:** Modified procedure to include all assets in application of RBAM to identify Critical Assets (CAS) and Critical Cyber Assets (CCAs).
**CIP-003**

**Issue:** Failed to designate senior manager with overall responsibility for compliance with CIP-002 through CIP-009; found at audit.

**Risk:** The policy was being implemented and was signed by the senior manager.

**Mitigation:** Entity designated a senior manager with responsibility for CIP compliance.
CIP-004

**Issue:** Personnel Risk Assessment (PRAs) not completed within 30 days of granting access to CCAs; found at spot check.

**Risk:** Delays only ranged from one to five days; affected individuals were long-standing employees who had received background checks on hiring.

**Mitigation:** Entity completed the PRAs and addressed gaps in its PRA program.
CIP-005

**Issue:** Failure to identify certain devices as access points to the Electronic Security Perimeter (ESP); found at audit.

**Risk:** Despite not being labeled as an access point, the device was afforded the required protections.

**Mitigation:** Entity revised its topology diagrams during the audit to include the device as an access point to the ESP.
CIP-006

**Issue:** Entity failed to include all Critical Assets located within an ESP within a the six-wall border of a Physical Security Perimeter (PSP); found at spot check.

**Risk:** Multiple layers of physical security protected access to the PSP.

**Mitigation:** Entity secured the six-wall border of the PSP before conclusion of the spot check.
CIP-007

**Issue:** Entity did not change EMS shared operator account following personnel changes; found at audit.

**Risk:** Physical access to the EMS facilities had been revoked, and the facilities were subject to around-the-clock monitoring.

**Mitigation:** Revised procedures for managing shared accounts and trained responsible personnel.
EOP-008

**Issue:** Contingency plans missing elements; found at audit.

**Risk:** Entity had partial plan in place and conducted drills and tests for loss of control center functionality.

**Mitigation:** Entity revised plan to include missing elements.
**FAC-008**

**Issue:** Entity did not consider relay protective devices or instrument transformers in Facilities Rating Methodology; found at audit.

**Risk:** Missing elements were not most limiting elements in design of entity’s generating facility.

**Mitigation:** Entity revised FRM to include missing elements and assigned them ratings according to original equipment manufacturer ratings.
PRC-001

**Issue:** Entity could not demonstrate that it coordinated new protective system changes with neighboring Transmission Operators (TOPs) and Balancing Authorities (BAs); found at audit.

**Risk:** Entity reviewed protective system changes and determine they applied only to the entity’s own system.

**Mitigation:** Reported and coordinated protective system changes with neighboring TOPs and BAs; developed new procedure for coordination of changes.
PRC-005

**Issue:** Entity could not provide basis for maintenance and testing intervals for Protection System devices; found at audit.

**Risk:** Entity did have intervals in the program, but only failed to document the basis; performed testing in accordance with the intervals.

**Mitigation:** Entity added the basis for its maintenance and testing intervals to its program.
**PRC-005**

**Issue:** Entity missed quarterly interval for battery testing on one battery by 12 days because of broken equipment; found at audit.

**Risk:** Affected 1 of 251 batteries, and entity met monthly and annual testing intervals, as well as quarterly intervals for all other batteries.

**Mitigation:** Entity tested the missing battery, trained on importance of scheduled testing, and modified testing program to include flexibility for short delays caused by extenuating circumstances.
PRC-008

**Issue:** Of its 169 UFLS devices, no evidence of maintenance and testing for five station batteries; found at audit.

**Risk:** Entity continuously monitors DC power supply of the UFLS devices on SCADA; tests indicated no damage or out of tolerance settings.

**Mitigation:** Tested all devices that lacked testing evidence; sent program materials to responsible personnel and received acknowledgements committing to perform required tasks.
VAR-002

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

Risk: Corrected promptly, all voltage schedules met; not called upon to support transmission system voltage; small entity connected at 138 kV.

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

- Lesser risk to Bulk Electric System (BES) Elements
- Informal/automatic procedures existed
- 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 violation period
Potential Benefits

- Provides incentive to find and fix issues more quickly.
- Focus resources on more serious risks to reliability of the BPS.
- Improve alignment of time, resources and record development with the risk posed to reliability.
Potential Benefits

- Achieve efficiency gains.
- Reduce information dissemination delays.
- Focus more time on ensuring reliable operations.
Misconceptions Corrected

- Not just older cases
- Not just documentation-only violations
- Not just the *least* risk PV’s
- All PV’s of a given standard do not qualify for FFT.
- There will be consistency in due process, even if outcomes are not identical.
Implementation Challenges

- Ensuring consistency in evaluation and disposition.
- Addressing pre-existing and repeat violations.
- Determining risk posed to BPS reliability.
- Considering registered entities’ request for FFT treatment.
- Developing information technology (IT) solutions and revised Self-Report Form.
Transition Issues

• Uncertainty discourages some entities from participating.
• Training compliance staff to make decision in the field will be a significant focus in 2012.
• Phase II implementation is currently targeted in 2013.
Potential Improvements

• In Phase II:
  ▪ Continue to alleviate extensive record development burden for lesser risk violations.
  ▪ Provide guidance through FFT candidate examples.
  ▪ Enable compliance staff to identify FFTs.
  ▪ Reap benefits for all.

• Beyond Phase II
  ▪ Aggregated reporting of Remediated Issues.
• Report to be submitted on March 30, 2012
• Opportunities provided for input by Regional Entities and registered entities.
• Experience over first six months to be evaluated
Training and Education

• April – half-day webinar for CEA Staff.
• Third Quarter – begin online course for CEA staff.
• September – CEA Staff workshop agenda item.
• October – one year feedback information webinar.
• Fourth Quarter – all CEA staff complete required training and training course updated dependent on Phase II changes.
Conclusion

- NERC is continuing to work with Regional Entities and to engage in outreach efforts to ensure successful implementation.
- Upcoming training activities will continue to focus on specific case studies.