

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Reliability Standards

Herb Schrayshuen
Vice President and Director of Standards

August 5, 2010

to ensure
the reliability of the
bulk power system

Standards Actions

- 8.a – Backup Facilities — **Approve**
- 8.c – Definition of Protection System — **Approve**
- 8.d – Underfrequency Load Shedding — **Approve**
- 8.e – Order 693 Directives — **Approve**
- 8.f – Cyber Security Order 706B Nuclear Plant Implementation Plan — **Approve**
- 8.g – Section 1600 Data Request — CIP-002-4 — **Approve**
- 8.h – Results-based Standards Transition Plan — **Accept**

Initially Submitted Agenda Items – Not Completed

- 8.b – Reliability Coordination – Transmission Loading Relief — **Information**
- 8.i - Disturbance Monitoring — **Information**

Discussion Item

- 8.j - Executive Forum on Reliability — **Discussion**

8.a – Backup Facilities

- **Approve:**
EOP-008-1 — Loss of Control Center Functionality and associated VRFs and VSLs
- **Retire:**
EOP-008-0
- **Ballot Results:**
85% weighted segment approval
93 % quorum
- **Poll on VRFs and VSLs:**
79% favorable with 81% returning an opinion

8.c – Definition of Protection System

- **Approve:**
Modified definition of “Protection System”
- **Retire:**
Existing definition of “Protection System”
- **Ballot Results:**
Pending

8.d – Underfrequency Load Shedding

- **Approve:**
PRC-006-1 — Underfrequency Load Shedding
EOP-003-2 – Load Shedding Plans
- **Retire:**
PRC-006-0, PRC-007-0, PRC-009-0, and EOP-003-1
- **Ballot Results:**
Pending

8.e – Order 693 Directives

- Processed through expedited standards development effort authorized by the Standards Committee.
- Proposed changes posted for concurrent comment and initial ballot that began on June 18 and concluded July 13.
- Recirculation ballot concludes July 30.
- Ballot organized on a directive-level line item basis.

8.e – Order 693 Directives

■ **Approve:**

- BAL-002-1 Disturbance Control Performance
- EOP-002-3 Capacity and Energy Emergencies
- FAC-002-1 Coordination of Plans for New Generation, Transmission, and End-User Facilities
- MOD-021-2 Documentation of the Accounting Methodology for the Effects of Demand-Side Management in Demand and Energy Forecasts
- PRC-004-2 Analysis and Mitigation of Transmission and Generation Protection System Misoperations
- VAR-001-2 Voltage and Reactive Control

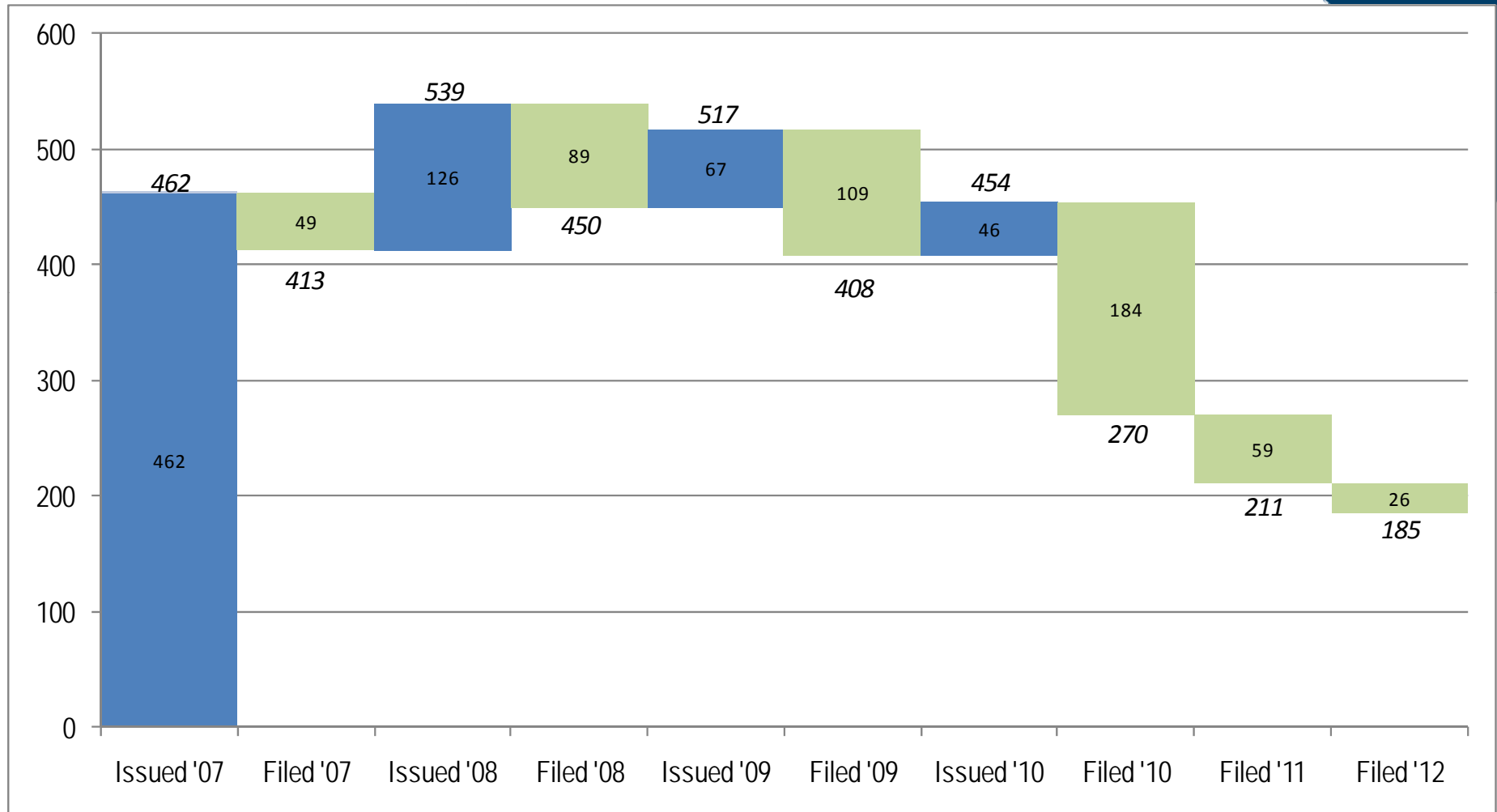
Retire:

- Existing versions of standards

8.e – Order 693 Directives

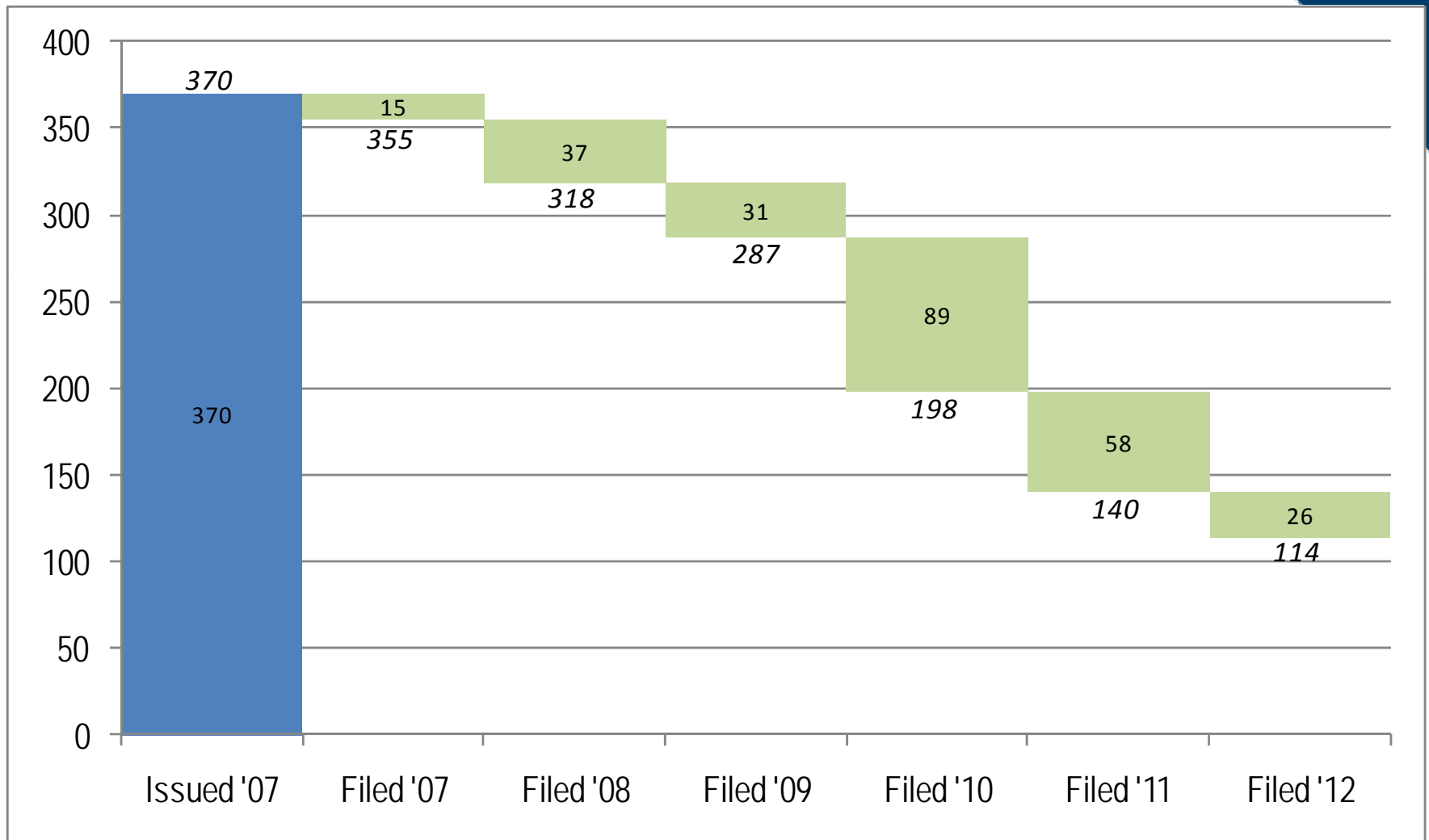
- **Retire:**
Existing versions of standards
- **Ballot Results:**
Pending

Status of Standards Related Directives



Based on current estimates. These numbers do not reflect re-planning and reprioritization efforts currently underway.

Status of Order 693 Related Directives



Based on current estimates. These numbers do not reflect re-planning and reprioritization efforts currently underway.

8.f – Cyber Security Order 706B Nuclear Plant Implementation Plan

- **Approve:**
CIP-002 through CIP-009 Versions 2 and 3 implementation plans for U.S. nuclear plants
- **Ballot Results:**
87% weighted segment approval
89% quorum
- **Comments:**
Impact of changes will not be fully appreciated until “bright-line” survey results are analyzed.

8.g – Section 1600 Data Request CIP-002-4

- **Approve:**
Section 1600 Data Request to conduct a survey of responsible entities currently held to compliance with CIP-002 through CIP-009 in applying proposed specific criteria to identify critical assets.
- **Comments:**
NERC Board authorized use of shortened comment period from July 7–July 26, 2010 for industry consideration of the proposed data request.

Final version of data request presented at NERC Board meeting.

8.h – Results-based Standards Transition Plan

- **Standards Committee proposes that the Board:**

Accept the report of the Ad Hoc Team on *Results-based Reliability Standards Transition Plan*.

Support the transfer of responsibility for implementing the recommendations in the *Results-based Reliability Standards Transition Plan* from the Ad Hoc Team to the NERC Standards Committee.

8.i – NPCC DME Standard and Regional Standards Programs

- **Discussion:**

NPCC Board approved a regional DME standard, PRC-002-NPCC-1 – Disturbance Monitoring Equipment, and requested NERC Board of Trustees approval earlier this year.

Review by NERC staff revealed several matters requiring additional attention.

Other Regional standards expected to come to the NERC Board over the course of 2010.

Planning to engage regions with quality reviews earlier.

8.b – Transmission Loading Relief

- **Discussion:**

IRO-006-5 — Reliability Coordination — Transmission Loading Relief and associated VRFs and VSLs

IRO-006-EAST-1 — TLR Procedure for the Eastern Interconnection

NERC Glossary term “Market Flow”

- **Ballot Results:**

85% weighted segment approval

87% quorum

Recirculation ballot completed by August 5

- **Poll on VRFs and VSLs:**

86% favorable with 80% returning an opinion

8.j – Executive Forum on Reliability

- Executive forum needed?
- Are there other alternatives than three listed?
- Advantages and disadvantages of each?
- How should balance be ensured?
- How should transparency be ensured?
- Tie to NERC meetings or separate?
- CEO-level advisory group to support NERC Board of Trustees?

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NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Status Report on Regional Delegation Agreement Metrics

Dave Nevius
Senior Vice President

August 5, 2010

Preliminary Results – NOT FOR CITATION

to ensure
the reliability of the
bulk power system

What we've already done ...

- Regional Entities and NERC developed suggested metric categories
 - Efficiency
 - Transparency
 - Consistency
 - Effectiveness/Quality
- Identified measures in each metric category for primary program areas/departments

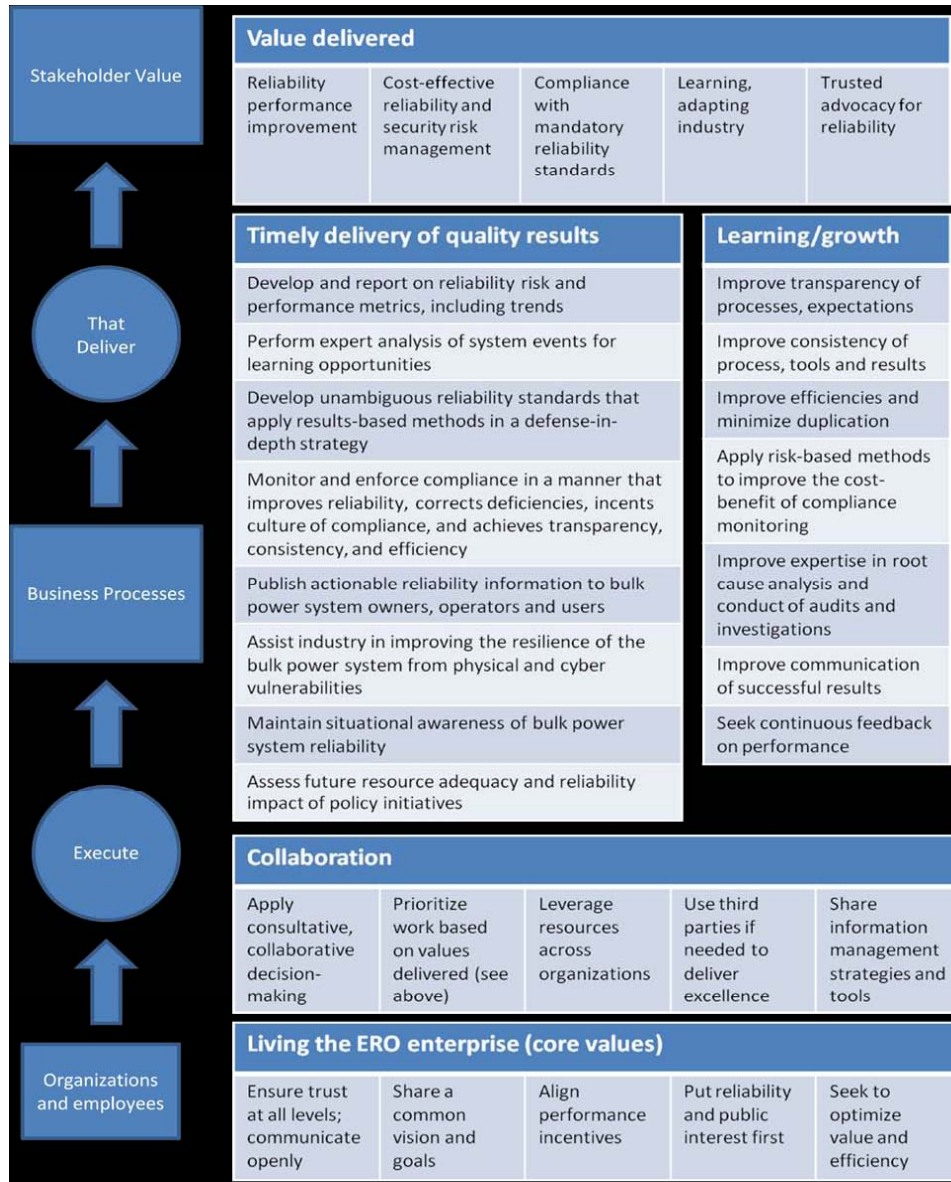
Balanced Scorecard Method

*Framework to assist NERC and
Regional Entities in maintaining focus
and alignment towards achieving
ERO reliability objectives .*

Elements of the Balanced Scorecard Method

- *Strategic Objectives* (grouped by)
- *Strategic Themes* (organized in a)
- *Strategy Map* (viewed from several)
- *Strategic Perspectives* (used to develop)
- *Balanced Scorecards* (for each)
- *Objective*

Sample Strategy Map for Balanced Scorecard Method



Preliminary Results – NOT FOR CITATION

Sample Scorecard

Value Delivered

OBJECTIVES

Objective 1:

Learning, adapting industry.

Objective 2:

Objective 3:

Objective 4:

Joint Wins

- Timely mitigation of violations.

Metrics

- Cumulative violations corrected.
- Time to close identified reliability gap.

Initiatives

(What NERC and the REs are doing to meet this objective.)

Project Organization

- Steering Committee:
 - ERO Executive Management Group
- Project Team:
 - RE and NERC Staff
- Facilitator:
 - Dave Nevius

Steering Committee

- Policy guidance and direction
- Establish overall values, goals, and timetables
- Oversight and active engagement with project team
- Periodically review results
- Report to the Board of Trustees

- Develop *Strategic Objectives*
- Group Strategic Objectives by *Strategic Themes*
- Define success (what winning looks like)
- Develop *Metrics* and Measures for each objective
 - Incorporate existing metrics and measures into new framework
- Identify joint RE/NERC *Initiatives* to help achieve desired results

- August 5 – Board briefing
- August–October
 - Develop strategic objectives, themes, strategy map, and balanced scorecards
 - Stakeholder input
- November 4 – Board review and approval of RDA metrics and balanced scorecards
- January 1, 2011 – Implementation



Questions & Answers

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NORTH AMERICAN ELECTRIC
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Agenda Item 13
Board of Trustees Meeting
August 5, 2010

Government Relations Update

Janet Sena
Director of Government Relations

August 5, 2010

to ensure
the reliability of the
bulk power system

- Cybersecurity Legislation
- Summer Session Energy Related Drivers
 - Energy only bill
 - Climate
 - RPS
 - Oil drilling
 - House versus Senate version
- Transmission Planning

- Over 30 bills introduced
- Comprehensive approach versus Single Sector approach
- Turf battle over agencies/committees of jurisdiction
 - DHS
 - DOD
 - Commerce
 - DOE/FERC

Senate Action on Cyber

- S. 3480 The Protecting Cyberspace as a National Asset Act of 2010
 - Sponsored by Sens. Lieberman Collins and Carper
 - Status: The bill was introduced on June 10, and was reported from committee with amendment on June 24, 2010

- S. 3538 The National Cyber Infrastructure Protection Act of 2010
 - Sponsored by Sen. Bond and Sen. Hatch
 - Status: The bill was introduced on June 24

- S. 773 The Cybersecurity Act of 2009
 - Sponsored by Sen. Rockefeller
 - Status: Reported out of Commerce Committee April 1, 2010

House Action on Cyber

- HR 5026, the GRID Act
- Sponsored by Reps. Markey, Waxman Barton and Upton
- Status: Passed the U.S. House of Representatives June 10, 2010
- DOD Appropriation Rider (Watson/Langevin amendment)
- House Homeland Security Committee introduced companion bill to Senate Homeland Security bill

- U.S. HOUSE OF REPRESENTATIVES
 - H.R. 2454 American Clean Energy and Security Act of 2009
 - Sponsored by Rep. Waxman and Rep. Markey
 - Status: Passed by the House of Representatives on June 26, 2009
 - Climate; Energy, RES, Transmission Planning

- U.S. Senate
 - S. 1462 American Clean Energy Leadership Act
 - Sponsored by Sen. Bingaman
 - Status: Passed the Senate Energy Committee in July of 2009
 - Energy, RES, Transmission Planning, Cybersecurity
 - Separate Climate bills

- HR 2454
 - FERC adopt National Transmission Planning Principles; Encourage regional planning entities cooperation and coordination
 - Western Interconnection siting provisions only, with FERC backstop authority; existing backstop siting remains for Eastern Interconnection
 - No cost allocation provisions
- S. 1462
 - Policy goals for transmission; FERC coordinates development of high priority national transmission projects; Regional plans to FERC
 - Siting by states for high priority national transmission projects; FERC may site after one year if no action
 - Cost allocation: “reasonably proportionate to measurable economic and reliability benefits”
- FERC NOPR