

**VIA ELECTRONIC FILING**

Ms. Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

November 20, 2015

**Re: Informational Filing of the North American Electric Reliability Corporation in Response to the Federal Energy Regulatory Commission's November 20, 2014 Order, Docket No. RR14-5-000**

Dear Ms. Bose,

The North American Electric Reliability Corporation hereby submits this Informational Filing in response to the Federal Energy Regulatory Commission's Order issued November 20, 2014, in Docket No. RR14-5-000.

Please contact the undersigned if you have any questions concerning this filing.

Respectfully submitted,

/s/ Nina H. Jenkins-Johnston  
Nina H. Jenkins-Johnston

Counsel for the North American Electric  
Reliability Corporation

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION**

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**Docket No. RR14-5-000**

**INFORMATIONAL FILING OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION  
IN RESPONSE TO THE FEDERAL ENERGY REGULATORY COMMISSION'S  
NOVEMBER 20, 2014 ORDER**

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November 20, 2015

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**UNITED STATES OF AMERICA  
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**NORTH AMERICAN ELECTRIC )                    Docket Nos. RR14-5-000**  
**RELIABILITY CORPORATION )**

**INFORMATIONAL FILING OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION  
IN RESPONSE TO THE FEDERAL ENERGY REGULATORY COMMISSION’S  
NOVEMBER 20, 2014 ORDER**

On July 21, 2014, the North American Electric Reliability Corporation (“NERC”) submitted its second Electric Reliability Organization (“ERO”) performance assessment to demonstrate its accomplishments and continued satisfaction of the criteria for certification as the nation’s ERO. In that assessment, NERC also evaluated each Regional Entity’s effectiveness in implementing delegation-related activities and addressed stakeholder comments on the ERO Enterprise’s performance.<sup>1</sup> On November 20, 2014, the Federal Energy Regulatory Commission (“FERC” or “Commission”) issued the *Order on the Electric Reliability Organization’s Five-Year Performance Assessment* (“November 2014 Order”). In the November 2014 Order, the Commission accepted the performance assessment, finding that NERC and each of the eight Regional Entities continue to satisfy the statutory and regulatory criteria for operation as the ERO Enterprise.

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<sup>1</sup> The “ERO Enterprise” refers to the informal affiliation of NERC and the eight Regional Entities for the purpose of coordinating goals, objectives, metrics, methods and practices across statutory activities. The operation of the ERO Enterprise does not conflict with obligations of each organization through statutes, regulations, and delegation agreements. The eight Regional Entities are: (i) Florida Reliability Coordinating Council, Inc. (“FRCC”); (ii) Midwest Reliability Organization (“MRO”); (iii) Northeast Power Coordinating Council, Inc. (“NPCC”); (iv) ReliabilityFirst Corporation (“RF”); (v) SERC Reliability Corporation (“SERC”); (vi) Southwest Power Pool Regional Entity (“SPP”); (vii) Texas Reliability Entity, Inc. (“Texas RE”); and (viii) Western Electricity Coordinating Council (“WECC”).

Pursuant to Paragraph 71 of the November 2014 Order, the Commission also directed NERC to submit this Informational Filing to address “how it is improving coordinated operations and [to] describe any efforts it has made to improve such operations, including, but not limited to the 11 action items described in [the ERO Enterprise Operating Model].” The Commission directed NERC to address various topics relating to tracking of Reliability Standard projects, development of performance metrics measuring consistency, coordination and efficiency within the ERO Enterprise, and improvements to future performance assessments.

This Informational Filing is organized as follows:

- **Section I – Performance Measures for the ERO Enterprise** – NERC describes the following three ERO Enterprise performance measures: (1) ERO Enterprise and corporate metrics for the ERO; (2) Regional Entity performance metrics; and (3) reliability metrics for the performance of the Bulk Power System;<sup>2</sup>
- **Section II – ERO Enterprise Decision-Making and Communication** – NERC describes recent efforts to enhance the ERO Enterprise decision-making process and to enhance the ability of ERO Enterprise senior leadership to continue setting the direction and policy of the ERO Enterprise;<sup>3</sup>
- **Section III – Reliability Standards** – NERC examines efforts to track Reliability Standards completion and to reflect the complexity and urgency of Reliability Standards projects;<sup>4</sup>
- **Section IV – Enforcement** – NERC addresses efficiency and transparency in NERC’s enforcement processes;<sup>5</sup>
- **Section V – ERO Enterprise Information Technology and Data Sharing** – NERC describes efforts to improve technological infrastructure across the ERO Enterprise.<sup>6</sup>

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<sup>2</sup> See Operating Model Action Items 2, 3, 4, 5, 8, and 9; see also November 2014 Order at PP 52-54, 56, 70-74.

<sup>3</sup> See Operating Model Action Items 6, 7, 10, and 11.

<sup>4</sup> See November 2014 Order at PP 63-65.

<sup>5</sup> See November 2014 Order at PP 38-39, 72.

<sup>6</sup> See Operating Model Action Item 9.

## **I. PERFORMANCE MEASURES FOR THE ERO ENTERPRISE**

### **A. Overview of Performance Measures**

The ERO Enterprise has a distributed governance structure ensuring that the ERO has a robust and technical understanding of both the regional and interconnected aspects of the Bulk Power System. Given this structure, collaboration is necessary to execute statutory functions and to mitigate reliability risks to the Bulk Power System. In the ERO Enterprise Operating Model, NERC and the Regional Entities outline a plan to coordinate so as to achieve excellence in their execution of statutory functions and delegation-related activities. An important component of this plan is the development and publication of “performance measures focused on Bulk Power System reliability outcomes and effectiveness of the statutory programs.”<sup>7</sup> NERC contemplates three sets of performance measures – (1) ERO Enterprise and corporate metrics assessing the performance of NERC program areas; (2) Regional Entity performance metrics assessing the Regional Entities’ execution of delegation-related activities; and (3) reliability metrics assessing the performance of the Bulk Power System. Each performance measure is described below:

- (1) NERC publishes ERO Enterprise and corporate metrics, which are high-level performance goals for ERO program areas, on a rolling, three-year basis in the ERO Enterprise Strategic Plan (“Strategic Plan”). For each such metric, NERC identifies (A) a measure of success, (B) a minimum threshold for performance, and (C) a performance target. NERC updates these metrics on an annual basis in concert with each iteration of the Strategic Plan.
- (2) While the ERO’s corporate metrics and reliability metrics are in place and updated regularly, the Regional Entity performance metrics are under development pursuant to

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<sup>7</sup> See Operating Model Action Item 5; see also Section 8(a)(i) of the Regional Delegation Agreements.

an enhanced and formalized oversight program. Pursuant to this enhanced program, described in more detail below, NERC is developing performance metrics to evaluate the Regional Entities' performance of each delegation-related activity, except Reliability Standards.<sup>8</sup> NERC plans to have all performance metrics finalized by the close of calendar year 2017.

- (3) NERC publishes reliability metrics in its annual state of reliability report in which NERC tracks the performance of the Bulk Power System. NERC revises these metrics as needed to reflect new and evolving risks to the Bulk Power System, based on emerging trends and areas of particular reliability focus. For example, in the *2015 State of Reliability Report*, NERC described two groups of reliability metrics in development. One group of metrics is based on noncompliance data and the other group is based on Bulk Power System performance security metrics.<sup>9</sup> The reliability metrics based on noncompliance data will track reported instances of noncompliance with an observed reliability impact and reflect trends associated with the risk of noncompliance. The reliability metrics based on Bulk Power System performance security metrics will define lagging and leading indicators for cyber and physical security performance as they relate to reliable Bulk Power System operation.

#### **B. Regional Entity Performance Metrics and the ERO Enterprise Oversight Program**

Under NERC's enhanced oversight program, NERC will systematically track and publish performance metrics for each delegation-related activity performed by each Regional Entity.

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<sup>8</sup> NERC is not developing an oversight plan for Reliability Standards given the ERO Enterprise's increasing focus on continent-wide Reliability Standards.

<sup>9</sup> The five performance security metrics are: (i) reportable cyber security incidents; (ii) reportable physical security events; (iii) ES-ISAC membership; (iv) industry-sourced information sharing; and (v) global cyber vulnerabilities.

NERC is developing these performance metrics through working groups consisting of senior-level program area employees from NERC and the Regional Entities.

In 2015, NERC developed a framework for the enhanced oversight program (referred to hereafter as the “Oversight Framework”) which outlines NERC’s path towards more coordinated implementation of delegation-related activities through unified systems, processes and procedures. In the Oversight Framework, NERC highlights that the Oversight Plan for each program area must specify the following:

- (1) assignment of NERC and Regional Entity roles and responsibilities contemplated for each program area that is consistent with the NERC Rules of Procedure, the Regional Delegation Agreements, and Commission orders;
- (2) required knowledge, skills and training expectations to carry out responsibilities for key roles in each program area;
- (3) list of performance metrics which take into account the risk-based approaches as well as a schedule for measuring and posting such metrics;
- (4) description of monitoring activities; and,
- (5) feedback mechanisms to enable Regional Entities to improve program performance to meet NERC’s expectations.<sup>10</sup>

### **C. Development Schedule for Oversight Plans**

NERC developed a prioritized and staggered three-year schedule to develop Oversight Plans for seven delegation-related activities in the Regional Delegation Agreements.<sup>11</sup> Under this

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<sup>10</sup> See Operating Model Action Items 2a, 2c, and 8.

<sup>11</sup> These seven statutory delegation-related activities addressed in the oversight program are: (i) compliance monitoring; (ii) enforcement; (iii) organization registration; (iv) reliability assessment; (v) performance analysis; (vi) event analysis; and (vii) situation awareness.

schedule, NERC will complete Oversight Plans and performance metrics for compliance monitoring, registration and enforcement by the end of the 2015 calendar year.<sup>12</sup> NERC expects to complete Oversight Plans for performance analysis, event analysis and situation awareness by the end of the 2016 calendar year. Finally, NERC plans to complete Oversight Plans for reliability assessment by the end of the 2017 calendar year. Once complete, NERC will post the performance metrics from each program area on the NERC website. NERC will also include an analysis of the implementation of these performance metrics in the 2019 ERO performance assessment.

## **II. ERO ENTERPRISE DECISION-MAKING AND COMMUNICATION**

### **A. ERO Executive Management Group**

In the Operating Model, NERC calls for the ERO Executive Management Group (“ERO EMG”) to continue setting the direction and policy for the ERO Enterprise.<sup>13</sup> Through a collaborative process with the Regional Entities, NERC develops policies and procedures to guide the Regional Entities’ implementation of delegation-related activities. The ERO EMG leads this collaborative process with input from working groups and task forces, such as the ERO Legal Group, the ERO Finance Group, and the ERO Compliance Monitoring, Registration and Enforcement Groups, which are directly accountable to the ERO EMG. If collaboration is unsuccessful, the NERC President, pursuant to the Regional Delegation Agreements, has the authority to issue directives concerning performance of delegation-related activities.

Over the past year, NERC, under the oversight of the Enterprise-wide Risk Committee (“EWRC”), and the ERO EMG have been developing a program, called the ERO Enterprise Risk

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<sup>12</sup> See Section 8 of the Pro Forma Regional Delegation Agreement.

<sup>13</sup> Operating Model Action Item 6.

Management Program.<sup>14</sup> The purpose of the program is to identify priority risks to the ERO Enterprise and to implement management controls and mitigation activities. This program provides another example of ongoing efforts to improve ERO Enterprise consistency and coordinated operations. An ERO EMG working group (the “Risk Management Group”) is responsible for developing and implementing this program. The Risk Management Group is comprised of representatives from the Regional Entities and NERC’s Internal Audit and Corporate Risk Management department. The EWRC of the NERC Board of Trustees oversees the program and reviews any analysis produced by the Risk Management Group, after review by the ERO EMG.

## **B. Canadian Outreach**

In the Operating Model, NERC and the Regional Entities recognize the importance of coordinating outreach efforts to Applicable Governmental Authorities in both the U.S. and Canada.<sup>15</sup> As of the date of this filing, eight provincial governments,<sup>16</sup> plus the National Energy Board of Canada, have implemented a mandatory reliability framework based on NERC Reliability Standards. The role of NERC and the Regional Entities is recognized in these Canadian jurisdictions through legislation, regulation and various agreements including memoranda of understanding and data sharing agreements. These agreements between NERC, the applicable Regional Entity, and the relevant provincial entity govern the operational relationships and respective duties of each party within the mandatory reliability framework of an individual

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<sup>14</sup> See e.g., Agenda Enterprise-wide Risk Committee Meeting Package, dated February 10, 2015 (including work plans reflecting activities such as “Coordinate with the Regional Entities to implement and report on the ERO Enterprise Risk Management Framework.”).

<sup>15</sup> See Operating Model Action Item 11.

<sup>16</sup> (i) Alberta; (ii) British Columbia; (iii) Manitoba; (iv) New Brunswick; (v) Nova Scotia; (vi) Ontario; (vii) Québec; and (viii) Saskatchewan.

province. As these mandatory reliability frameworks have evolved, NERC and the Regional Entities have worked with Canadian provinces to amend and update existing agreements. For example, in September 2014, a revised agreement was executed between NERC, NPCC, and the Régie de l'énergie in Québec to revise mandates from the Régie to NERC and NPCC to implement monitoring of Reliability Standards in Québec. Similarly, in August 2015, NERC, MRO, and Saskatchewan Power Corporation entered into a revised memorandum of understanding to reflect the establishment of the legislated authority responsible for setting, monitoring, and enforcement of Reliability Standards in the Province of Saskatchewan. NERC and the applicable Regional Entities are discussing revisions to other agreements with the relevant provincial entities.

In further support of strengthening the outreach of the ERO, NERC created a Director of Canadian Affairs position to foster coordination on Canadian issues not only between NERC and the Regional Entities, but also between NERC and Canadian stakeholders, namely Canadian federal and provincial governmental agencies. The director works with Canadian stakeholders and the three Regional Entities with international footprints (NPCC, MRO, and WECC) to identify and leverage opportunities to strengthen the North American reliability framework. During the next assessment period, the director will work with Canadian stakeholders to strengthen the value of a common reliability framework.

### **III. RELIABILITY STANDARDS**

#### **A. Tracking Reliability Standards Projects**

In the November 2014 Order, the Commission directed NERC to:

[T]rack, on a going-forward basis, actual project completion times as compared to estimated time for completion at the outset of a given project . . . [and] incorporate these more granular measures into its

future performance assessment filings, beginning in 2019, and post them as developed prior to 2019.<sup>17</sup>

Consistent with the Commission's directive, NERC is tracking actual project completion times, as well as important milestones (i.e., comment periods and ballots) during the development of projects, as compared to the estimated time for milestones and completion at the outset of a given project. For example, NERC maintains a publicly available Project Tracking Spreadsheet on its Reliability Standards webpage to enable transparent examination of actual project status over the course of a year in comparison to the initial projected estimates. NERC updates this spreadsheet periodically and retains older versions.<sup>18</sup> NERC has successfully worked to stagger expected completion dates for Reliability Standard updates to ensure that stakeholders and the NERC Board of Trustees have adequate time to fully review and comment prior to adoption. This staggering limits the accumulation of projects in the final quarter of each calendar year. Furthermore, NERC will develop a metric that compares actual project completion to estimated time for completion. NERC is also gaining experience on the time that it takes to develop specific types of Reliability Standards. This institutional knowledge will result in improvements to coordination between Reliability Standards development projects, a more graduated approach to Reliability Standards development, as well as better scheduling of posting, due to a better understanding of estimated time expectations. These efforts will afford industry more time to review Reliability Standards and should ultimately result in higher quality Reliability Standards. As stated above, the Reliability Standards department will refine the development schedules of projects by the close of the 2016 calendar year.

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<sup>17</sup> November 2014 Order at P 64.

<sup>18</sup> See, e.g., <http://www.nerc.com/pa/Stand/Pages/default.aspx>.

## **B. Interpretations**

In the November 2014 Order, the Commission “encourage[d] NERC to explore ways to reduce the time needed to process a request for interpretation.”<sup>19</sup> NERC’s Reliability Standards development process is accredited by the American National Standards Institute (“ANSI”). As part of that accreditation, there is a requirement to have an interpretation process in place; however, ANSI does not specify what or how long the process should take. There is flexibility in how NERC may revise its process to reduce the time required to complete the interpretation and to continue to meet the ANSI requirement. NERC will continue to explore ways to reduce the time for processing requests for interpretation, while balancing reliability and ensuring a complete understanding of the questions raised.

## **C. Technical Input**

In the November 2014 Order, the Commission “encourage[d] NERC’s technical staff to provide feedback to the Reliability Standard drafting teams as early as possible in the drafting process so that the drafting team can consider NERC staff’s unique insights, particularly prior to comment or ballot periods.”<sup>20</sup> NERC confirms that its technical staff currently provides feedback to Reliability Standard drafting teams as early as possible in the drafting process, and is engaged in discussions well in advance of any ballot and comment period. They collaborate at each step of the process so that the drafting team can consider NERC staff’s unique insights.

# **IV. ENFORCEMENT**

## **A. Violation Processing**

In the November 2014 Order, the Commission stated that it “expect[s] that violation

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<sup>19</sup> November 2014 Order at P 63.

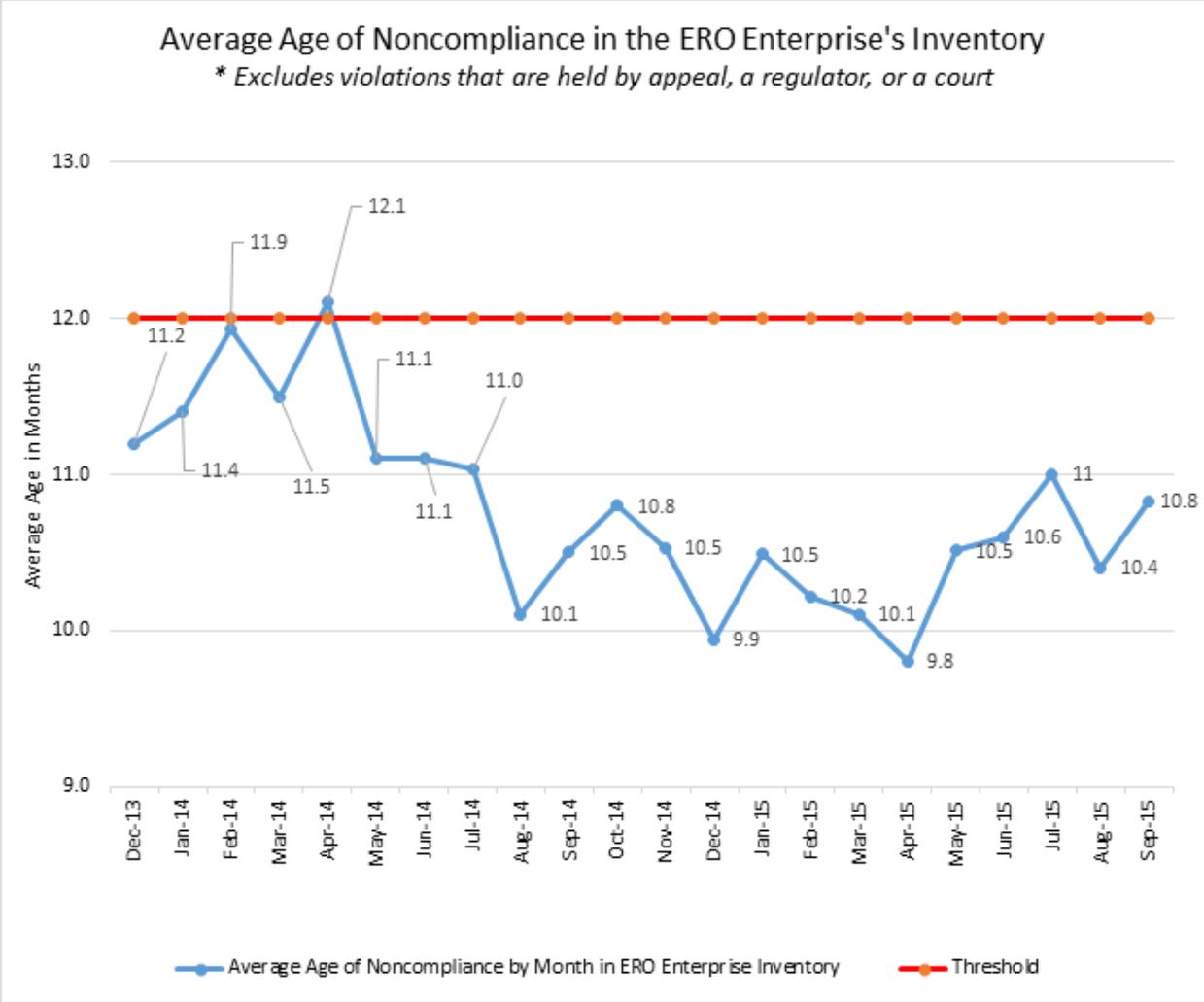
<sup>20</sup> *Id.*, at P 65.

processing times and the average violation age will continue to decline.”<sup>21</sup> NERC’s enforcement efforts continue to focus on efficiency and effectiveness in violation processing, balanced with ensuring reliability, quality, and fiscal responsibility. Since 2011, NERC and the Regional Entities have focused their enforcement efforts on noncompliance posing the greatest risk to reliability. For lesser risk noncompliance, the Compliance Monitoring and Enforcement Program has implemented processes that allow for more streamlined disposition. NERC strives to maintain an average violation age between 10 to 12 months for processing noncompliance and to manage the caseload. The following chart demonstrates that the average age of non-compliance has continued trending consistently downwards, exhibiting further improvement in processing times and the average violation age.<sup>22</sup> More complex cases, which are not appropriate for streamlined treatment, may affect such average timeframes. NERC continues to focus on timely mitigation of any outstanding risks regardless of the manner in which the noncompliance is addressed.

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<sup>21</sup> *Id.*, at P 38.

<sup>22</sup> *Board of Trustees Compliance Committee Open Meeting, Agenda Item 6*, at pp. 22-23 (May 6, 2015), available at, <http://www.nerc.com/gov/bot/BOTCC/Compliance%20Committee%202013/BOTCC%20Open%20Agenda%20Package%206%20May%202015.pdf>.



**B. Transparency in Enforcement**

The Commission’s November 2014 Order also supported NERC’s recent efforts to increase efficiencies while maintaining transparency in enforcement processes, and stated that:

NERC should continue to promote transparency in its enforcement programs, particularly as it moves forward with its Reliability Assurance Initiative, given the value of transparency in encouraging full and adequate mitigation practices and in providing assurance to the Commission, registered entities, and the public that the program is being fairly and consistently implemented across all regions. ... we expect NERC to continue making information publicly available concerning possible non-compliance (other than those involving

physical security or cybersecurity concerns) resolved through any and all processing methods.<sup>23</sup>

Consistent with the Commission’s statement, NERC continues to promote transparency in enforcement processes. NERC posts on its website quarterly public reports on implementation of the risk-based Compliance Monitoring and Enforcement Program (“CMEP”).<sup>24</sup> Specifically, NERC publicly files Notices of Penalty and Spreadsheet Notices of Penalty with the Commission. NERC also publicly posts Find, Fix, Track and Report determinations as well as Compliance Exceptions. NERC will also report on its evaluation of implementation of the risk-based CMEP to the Commission through an annual filing, beginning in February 2016. These efforts illustrate NERC’s commitment to transparency and making information publicly available regarding non-compliance, consistent with regulations, the NERC Rules of Procedure, and potential physical security and cybersecurity concerns. NERC will continue to cooperate with Commission staff and share data and information, consistent with the Commission’s expectation in the November 2014 Order.<sup>25</sup>

#### V. **ERO ENTERPRISE INFORMATION TECHNOLOGY AND DATA SHARING**

In the Operating Model, NERC identifies a need to develop core tools to support statutory functions of the ERO.<sup>26</sup> Over the past year, the ERO Enterprise has been collaborating on methods to improve data sharing and to enhance its infrastructure.<sup>27</sup> Given the ERO Enterprise’s distributed

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<sup>23</sup> November 2014 Order at P 72. “Reliability Assurance Initiative,” *see* Docket No. RR15-2-000, was completed in 2014, and is considered part of the risk-based compliance monitoring and enforcement program.

<sup>24</sup> *See e.g., supra* n. 22.

<sup>25</sup> *See* November 2012 Order at P 38 (Commission regulations and the NERC Rules of Procedure apply to such data sharing).

<sup>26</sup> *See* Operating Model, at Action Items 8 and 9.

<sup>27</sup> The activities described here directly implement Action Item 9; however, because improved data sharing across an integrated platform is anticipated to enhance consistency, it also materially furthers the goals in Action Item 8 of the Operating Model.

governance model, some Regional Entities have differing information technology platforms and approaches for their delegation-related activities. NERC is working with the Regional Entities to develop a plan to replace these differing platforms, as appropriate. The ERO EMG formed a Technology Leadership Team (“TLT”) to guide this transition as well as to identify the NERC and Regional Entity-specific information technology requirements, business needs, and priorities.

In the case of registration, NERC is exploring a centralized compliance registration service hosted at NERC.<sup>28</sup> The goal of this effort is to ensure both a consistent user experience for registered entities as well as a consistent experience for the ERO Enterprise so that the Regional Entities and NERC can access current and accurate registered entity information. In addition to registration, NERC and the Regional Entities are evaluating technology improvements for compliance monitoring and enforcement, including a possible move to a single platform. The ERO Enterprise currently uses three separate tools for these program areas.

In 2015, NERC undertook the following projects to support the ERO Enterprise’s strategic vision for data sharing amongst NERC and the Regional Entities:

- **Reliability Assessment Data System (“RADS”)** – The RADS system automates the tracking and consolidation of seasonal assessment data for the Long Term Reliability Assessment. Prior to this automation, NERC manually populated, consolidated, and evaluated the data submitted to NERC by the Regional Entities. The new RADS system allows for automatic upload of Excel spreadsheets, validates the data submitted, and tracks progress of the data submittal and acceptance process. This automation enables NERC staff to focus resources on data analysis rather than on data administration.

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<sup>28</sup> See *Agenda Board of Trustees Package, Agenda Item 6.a.*, (May 7, 2015), available at, [http://www.nerc.com/gov/bot/botquarterlyitems/Board\\_of\\_Trustees\\_Agenda\\_Package\\_May\\_7\\_2015.pdf](http://www.nerc.com/gov/bot/botquarterlyitems/Board_of_Trustees_Agenda_Package_May_7_2015.pdf).

- **The Events Analysis Management System (“TEAMS”)** – The TEAMS project has improved the way NERC manages and classifies event information, and enables Regional Entities to submit voluntary event data provided by industry to NERC while maintaining their existing processes and forms. The Regional Entities and NERC can also view the same data, track the event process, and run reports, ensuring consistency of data and reporting.
- **Enterprise Reporting** – NERC uses data from the Generator Availability Data System (“GADS”), the Transmission Availability Data System (“TADS”), and the Demand Response Availability Data System (“DADS”) to assess reliability trends and performance. NERC also highlights these applications in various publications and reports. NERC is replicating this data; currently hosted by a third party, to NERC-managed databases, and is in the process of making that data available to Regional Entities. This approach negates the need to obtain this information through a third party provider, and enhances the ability of both NERC and the Regional Entities to analyze this data efficiently. The longer-term ERO Enterprise reporting effort will move this and other data into an ERO Enterprise data warehouse, which is currently in its early stages of design.
- **Misoperations Information System (“MIS”)** – The purpose of the MIS project is to enable consistent and reliable submission, processing and reporting of misoperations data from registered entities to NERC. This will be done via a centralized system and standardized template for performance analysis. The Regional Entities and NERC will be able to view the same data, track the submission process and run reports and analysis to ensure consistency of data and reporting and increase process efficiency.

## VI. CONCLUSION

As detailed above, NERC is implementing many action items identified in the Operating Model as well as in the November 2014 Order to increase consistency and coordination across the ERO Enterprise. NERC will provide a further update on these items as well as additional undertakings from the first ERO five-year performance assessment in the 2019 ERO Performance Assessment.

Respectfully Submitted,

*/s/ Nina H. Jenkins-Johnston*

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*Counsel for the North American Electric  
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**CERTIFICATE OF SERVICE**

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in Docket No. RR14-5-000.

Dated at Washington, D.C. this 20<sup>th</sup> day of November, 2015.

Respectfully submitted,

/s/ Nina H. Jenkins-Johnston

Nina H. Jenkins-Johnston

*Counsel for the North American Electric  
Reliability Corporation*

## **APPENDIX A**

## **Appendix A: Actions Items from the Operating Model**

**Action Item 1** – NERC includes in its review of Regional Entity business plans adequacy of resources and alignment of the plans for achieving delegated function objectives and outcomes described in the three-year plan.

**Action Item 2** – NERC, in collaboration with Regional Entities:

- a) develops a comprehensive overarching design and set of controls, reporting requirements, and feedback mechanisms for each delegated statutory function, including the essential oversight elements listed above;
- b) reevaluates its organizational structure and leadership qualifications necessary to provide effective design and oversight of statutory activities;
- c) identifies functional qualifications for select delegated activities, such as auditors and investigators; and,
- d) adopts risk-based approaches to monitoring performance of delegated functions and providing effective feedback and coaching to continuously improve overall ERO Enterprise performance;

**Action Item 3** – Regional Entities:

- a) work in a coordinated fashion to support NERC in the development of comprehensive functional program designs and controls;
- b) adapt existing regional programs for delegated functions to conform with emerging program designs provided by NERC; and,
- c) ensure Regional Entity staffs meet qualification and training requirements.

**Action Item 4** – NERC and Regional Entities develop and maintain a joint three-year strategic plan for the ERO Enterprise describing the goals and deliverables for statutory functions and this plan should guide the development of each Regional Entity’s annual business plans. Additional goals and deliverables that are complimentary or supplemental to the strategic plan may be developed at the Regional Entity level.

**Action Item 5** – NERC and Regional Entities develop and transparently report results based on a common set of performance measures focused on bulk power system reliability outcomes and effectiveness of the statutory programs. These measures are considered in the performance management program at each entity.

**Action Item 6** – ERO Enterprise senior leadership (ERO-Executive Management Group or “ERO-EMG”) continues maturing the collaborative decision-making process and setting the direction

and policy for the enterprise as well as driving this collaboration throughout the ERO Enterprise organizations.

**Action Item 7** – All nine ERO entities abide by the joint enterprise decisions of the ERO-EMG, and the NERC CEO should make final determinations if consensus is otherwise not achievable for an action that is required.

**Action Item 8** – With NERC leading, the ERO Enterprise develops a core set of methods, practices, procedures, and tools to support unified implementation of the major statutory functions of NERC. In doing so, the ERO Enterprise commits to put the best talent available throughout the collective organizations to achieve this goal.

**Action Item 9** - The ERO EMG develops ERO Enterprise IT Applications, where appropriate, to support common processes, to enhance the efficiency and effectiveness of Regional Entities' practices, to increase the consistency of the interface with registered entities, and to facilitate NERC's oversight function.

**Action Item 10** – All parties of the ERO Enterprise, including leadership and staffs, convey shared and consistent messages from the enterprise perspective and communicate together to minimize messages emphasizing self-importance or uniqueness.

**Action Item 11** – NERC and Regional Entities continue the joint board coordination to ensure oversight and accountability of all elements of the enterprise, and should continue to refine and expand coordinated outreach to government entities in the U.S. and Canada, stakeholders, and media.