NERC Compliance Monitoring and Enforcement Program

2008 Annual Report

August 2009

1. Executive Summary

The following provides an overview of this report. The substance of this report begins in Section 4 of this report, with Section 2 acknowledging all the individuals who invested their time, expertise and hard work in the 2008 Compliance Monitoring and Enforcement Program (CMEP) and Section 3 providing an introductory background to the CMEP and regulatory overview.

Section 4 identifies the key compliance findings from the annual review. The top ten most frequently violated standards during 2008, as of December 31, 2008, are listed below.

Figure 1: 2008 Top Ten Most Violated Reliability Standards
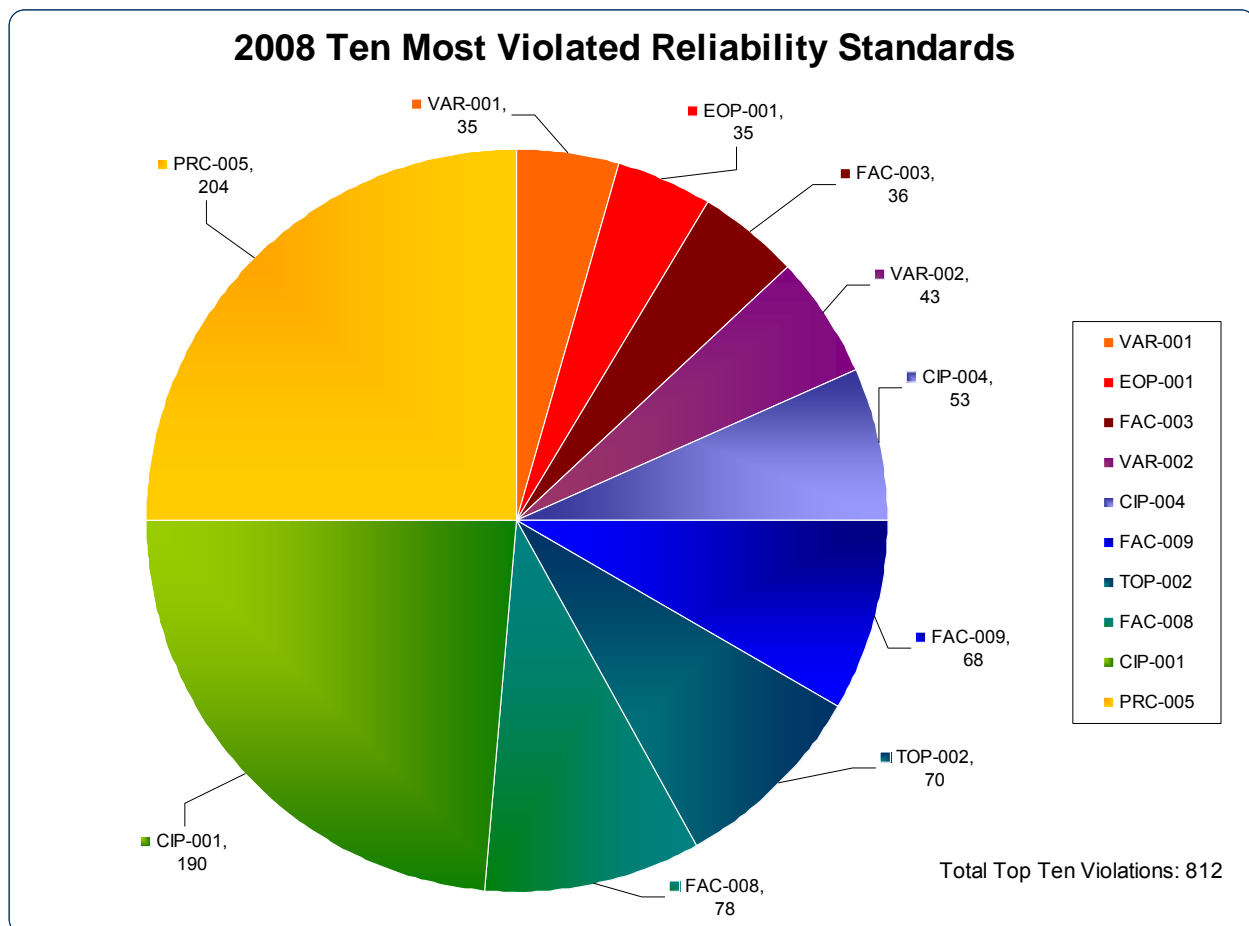
As reflected in Section 4:

- With respect to Pre-June 18, 2007 violations, significant progress was made during the course of 2008, with over 1,600 incomplete violation mitigation plans in the first half of the year and under 260 plans by year-end.

- With respect to Post-June 18, 2007 violations, 1,285 active violations were reported in 2008, of which 52 percent were identified by way of self-reports by Registered Entities, and there were 361 dismissals (including 262 dismissals of self-reported violations).

- In 2008, NERC Compliance staff developed regular reporting of compliance analysis information to the Board of Trustees Compliance Committee with process state flow diagrams reflecting the progress of various violations through the enforcement process.

- The management of vegetation around major transmission lines remains a concern after 2008, with 35 vegetation-related sustained outages reported for transmission lines at 200 kV and higher including 11 outages related to grow-ins within the right-of-way.

Section 5 provides an overview of CMEP activities of NERC staff in 2008. This includes a specific review of activities in the following areas: organization registration and certification; seminars and communications; compliance audit process; auditor training; reliability standard audit worksheets; enforcement and mitigation; reporting, analysis and tracking; and compliance violation investigations. Of particular note for 2008:

- Registration included 1,865 individual entities for a total of 4,479 functions, and there were only 4 registration appeals filed with FERC.

- NERC Compliance staff and applicable Regional Entities undertook a certification process for a large Balancing Authority (BA) which involved a multi-Region ISO and 26 smaller BAs joining into a single Joint Registration Organization (JRO).

- NERC Compliance staff undertook a significant reorganization to add a more focused approach on both audits and investigations. What was formerly the Regional Compliance Program Oversight Group was divided into two groups: the Compliance Audit Group (CAG) and the Compliance Violation Investigations (CVI) Group.

- NERC Compliance staff oversaw 83 out of approximately 150 onsite compliance audits conducted by Regional Entities and trained over 150 compliance lead auditors and compliance staff via instructor-led compliance courses.

- NERC Compliance staff worked with Regional Entities to develop Reliability Standard Audit Worksheets and consolidated these with a standard NERC Questionnaire and language from relevant FERC orders for a combined reference document for auditors and the industry to assess compliance.

- NERC filed with FERC 40 final ERO enforcement actions in the form of Notices of Penalty.

Section 6 identifies actions taken by Regional Entities in 2008 and offers lessons learned including feedback from the Regional Entity Compliance Managers. In particular:

- In 2008, Regional Entities conducted a total of 23 compliance seminars reaching out to approximately 2,600 participants and developed newsletters and several other forms of outreach to Registered Entities.

- Regional Entities conducted approximately 150 onsite compliance audits of Registered Entities.

- Regional Entities undertook to develop and/or refine compliance information and document management systems to facilitate better tracking and monitoring of compliance, improved self-certification, and increased responsiveness and accuracy.

- Regional Entities encountered significant backlogs due to higher than anticipated self-reporting of violations by Registered Entities.

- Regional Entities had to deal with significant staff shortages along with substantial training of newly hired staff.

- Perhaps the single most common feedback the Regional Entities offer NERC Compliance staff is the need to improve communications and foster more transparency and consistency in policy decisions.

- Regional Entity comments urge NERC to take a more central role in the development of common policy, forms, procedures and systems and to reach more of a steady state to minimize shifting goals, which undermine efficiency.

Sections 7 and 8 of this report identify key lessons learned and activities moving forward from 2008 and into 2009 including staffing plans, communication efforts, improvements to compliance processes and data management activities. Specifically, in 2009:

- NERC Compliance staff hired a Director of Regional Operations to facilitate better coordination between NERC and the Regional Entities.

- NERC established a weekly conference call with the Managers and top Compliance personnel of the Regional Entities specifically to discuss compliance issues.

- NERC is developing more formal processes for issuing compliance directives to the Regional Entities and is working with the Regional Entities to establish knowledge management processes.

- NERC and the Regional Entities will be engaged in significant additional activities related to cyber security with many Registered Entities reaching the "auditably compliant" stage under NERC Reliability Standards CIP-002 through CIP-009.

- NERC and the Regional Entities are working to facilitate better coordination of CMEP activities relative to Multi-Regional Registered Entities.

- Starting in 2009 through mid-2010, NERC and the Regional Entities will undergo audits of their implementation of the CMEP.

- NERC and the Regional Entities will be working to complete the staffing of their Compliance departments.

Table of Contents

2. Acknowledgement

The CMEP would like to thank the many individuals who invested their time and expertise and countless hours of work involved in the 2008 Compliance Program.

We would also like to thank all who will continue to contribute as we work to improve electric reliability.

This report is the second annual report in which NERC Reliability Standards became mandatory and enforceable in the United States also recognizing these Reliability Standards have been mandatory in some Canadian provinces when approved by the NERC Board of Trustees. Each year, the annual report is developed once the program for the year has reached its conclusion, allowing the evaluation of a full year of program activities. NERC collects this information from the Regional Entities in the first quarter and develops a draft report for review by the Regional Entities, the Compliance and Certification Committee, and the Board of Trustees Compliance Committee.

3. Introduction

This report describes the results and effectiveness of the 2008 Electric Reliability Organization's (ERO) CMEP as implemented by the eight Regional Entities through the delegation agreements and as overseen by the ERO. On July 20, 2006, the Federal Energy Regulatory Commission (FERC) certified NERC as the ERO.

The NERC CMEP transitioned in 2007 from voluntary compliance with industry developed reliability standards to mandatory compliance with FERC-approved reliability standards in the United States.

NERC works with eight Regional Entities to improve the reliability of the Bulk Power System. The entities registered by the Regional Entities come from all segments of the electric industry: investor-owned utilities; federal power agencies; rural electric cooperatives; state, municipal and provincial utilities; independent power producers; power marketers; and load-serving entities. These entities account for virtually all the electricity supplied in the United States, Canada, and a portion of Baja California Norte, Mexico.

On April 19, 2007, FERC approved eight delegation agreements through which NERC delegates certain compliance monitoring and enforcement activities ensuring that users, owners, and operators of the Bulk Power System in the United States comply with Commission-approved, mandatory reliability standards. In 2008, NERC negotiated modifications to the delegation agreements and has in place these agreements with the eight Regional Entities pursuant to which the Regional Entities are delegated these activities. The Commission-approved delegation agreements and associated orders by the Commission cover all aspects of the relationships between NERC and the Regional Entities, and provide an effective tool for oversight of the regional programs and managing those relationships. These Regional Entities include:

- Florida Reliability Coordinating Council (FRCC)
- Midwest Reliability Organization (MRO)
- Northeast Power Coordinating Council (NPCC)
- Reliability*First* Corporation (RFC)
- SERC Reliability Corporation (SERC)
- Southwest Power Pool (SPP RE)
- Texas Regional Entity (TRE)
- Western Electricity Coordinating Council (WECC)

The Regional Entity and NERC Compliance staffs work together to improve uniformity across all Regional Entity compliance activities, increase communications and collaboration for ERO implementation, and identify any difficulties encountered, building an effective, uniformly implemented, CMEP of the ERO and identify changes necessary for future years. The results of these efforts during 2008 are summarized in the Executive Summary, and are detailed in the subsequent sections of this annual report.

It should be noted that in 2009, NERC has prepared its three-year assessment pursuant to 18 C.F.R. §39.3(c) of FERC's regulations. In addition, NERC is also currently in the process of developing its budget for 2010. This CMEP annual report will not address in detail the broader programmatic issues that are or will be raised in those documents, but rather this report will simply describe CMEP activities of the past and current year.

Background

The NERC CMEP transitioned in 2007 from voluntary compliance with industry developed reliability standards to mandatory compliance with FERC-approved reliability standards in the United States. NERC and the industry have worked intensively in the past few years to transform decades of industry criteria, guides, policies, and principles into mandatory and enforceable NERC Reliability Standards in line with forces of change. A key turning point of the transformation stems back to 1996 when two major blackouts in the Western U.S. and the advent of open access transmission led NERC in 1997 to convene an independent "blue ribbon" panel (the electric reliability panel) and the U.S. Department of Energy to establish the Electric System Reliability Task Force, both groups to advise on critical institutional, technical, and policy issues necessary to maintain bulk power system reliability.

Both groups:

- Determined grid reliability rules must be mandatory and enforceable to ensure reliability in an increasingly competitive marketplace;

- Recommended the creation of an independent, self-regulatory, electric reliability organization to develop and enforce reliability standards throughout North America; and

- Stated that federal legislation in the United States was necessary to accomplish this.

As a result, NERC implemented the blue-ribbon panel's recommendation by converting its planning policies, principles and guides into planning standards. The NERC Board of Trustees approved the standards, setting the foundation for the voluntary compliance era with monitoring by NERC and its Regions from 1999 through June 2007, when FERC authorized the first set of reliability standards submitted to it as mandatory and enforceable. On June 18, 2007, the CMEP encountered a paradigm shift from voluntary compliance to mandatory compliance in the United States. Of note, in 2002, NERC operating policies and planning standards became mandatory and enforceable in the Canadian province of Ontario.[1]

In 2008, significant changes were brought about to the penalties incurred as a result of violations. While mandatory standards were put into effect June 18, 2007, the Commission allowed a "transition" phase from June 18, 2007 to December 31, 2007 which allowed the industry time to put programs in place and adapt to the new culture. The Commission allowed NERC and the Regional Entities an enhanced level of discretion for violations during that period, unless they had a significant impact to the bulk power system thereby allowing NERC and the Regional Entities to focus on the most significant risks to the reliability of the bulk power system in the formative months of the mandatory program. Beginning January 1, 2008, this transition phase was eliminated and violations were processed in a uniform manner based on their impact to the bulk power system.

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[1] More information on the history of standards development can be viewed in either the "Standards Milestones" or "Standards Background" documents posted at https://standards.nerc.net/.

Regulatory Overview

NERC actively pursued Electric Reliability Organization Certification with FERC in 2006. In Canada, NERC successfully completed three memorandums of understanding in 2008 and NERC and the relevant Regional Entity now have arrangements in place with the National Energy Board and with the enforcement authorities in eight Canadian Provinces.

In 2008, the ERO and eight Regional Reliability Organizations in North America executed enhanced delegation agreements to monitor and enforce compliance with NERC Reliability Standards. A substantial increase in key regulatory filings related to ERO activities was shown in 2008, which are listed in Appendix B.

4. Key Compliance Findings

Possible violations identified in compliance audits, self-reported by Registered Entities, self-certified, or through other monitoring methods are reviewed by the Regional Entity Compliance staff. Registered Entities are encouraged to submit mitigation plans to the Regional Entity at any point in the CMEP process. Mitigation plans are reviewed and approved with the goal of preserving reliability during the mitigation plan implementation and preventing future compliance violations in the future.

Progress with Pre-June 18, 2007 Violation Mitigation Plans

Registered Entities were encouraged by NERC and the Regional Entities to self-report compliance violations before the reliability standards became mandatory on June 18, 2007. As a result, prior to June 18, Registered Entities reported approximately 5,079 compliance violation notifications to their respective Regional Entities, of which approximately 2,071 were eventually dismissed. Violations identified in this manner were not subject to penalties and sanctions if their approved violation mitigation plans were fully completed and verified by the Regional Entities prior to the target mitigation completion dates. There were 436 violation mitigation plans that missed their target completion dates; these violations were resubmitted as post-June 18 enforceable violations to NERC.

Figure 2 illustrates the significant progress made from June 2008 through December 2008 in completing outstanding pre-June 18 violation mitigation plans. In June 2008, there were approximately 1,600 violation mitigation plans that were not completed. By the end of 2008, there were only 259 violation mitigation plans remaining. Eighty-seven of these were certified complete by the Registered Entity and were being verified by the Regions. All outstanding violation mitigation plans should be verified complete during 2009.

Figure 2: 2008 Progress on Pre-June 18th Violation Mitigation Plans
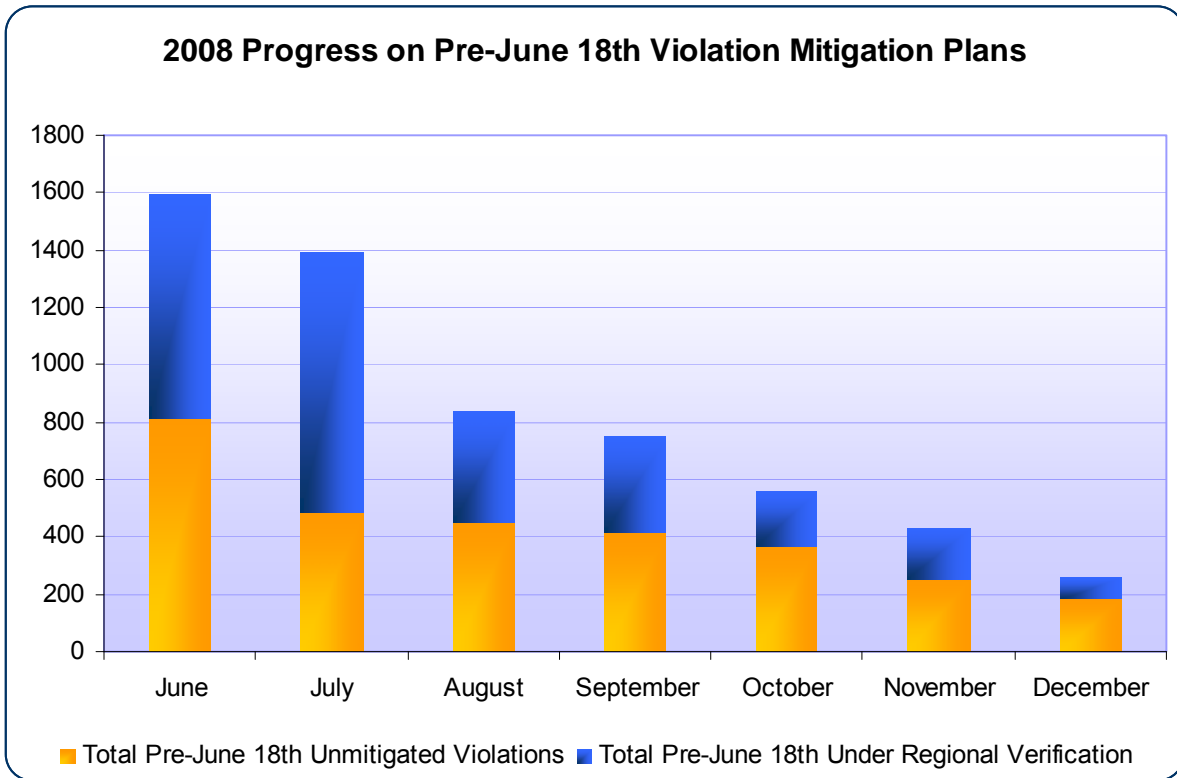
Post-June 18th Violations Reported in 2008

There were 1,646 violations reported during the period of January 1, 2008 and December 31, 2008. Of these, 361 were dismissed, including 262 that were originally self-reported. The Regional distribution for the remaining 1,285 active violations reported in 2008 is provided in Figure 3.

Figure 3: 2008 Violations by Region Excluding Dismissals

2008 Violations by Region Excluding Dismissals
For Violations Reported between January 1, 2008 and December 31, 2008

FRCC, 108, 8%
MRO, 21, 2%
NPCC, 36, 3%
RFC, 56, 4%
SERC, 132, 10%
SPP, 55, 4%
TRE, 37, 3%
WECC, 840, 66%

Legend: FRCC, MRO, NPCC, RFC, SERC, SPP, TRE, WECC

Excludes 361 Dismissed Violations   **Total Violations: 1285**
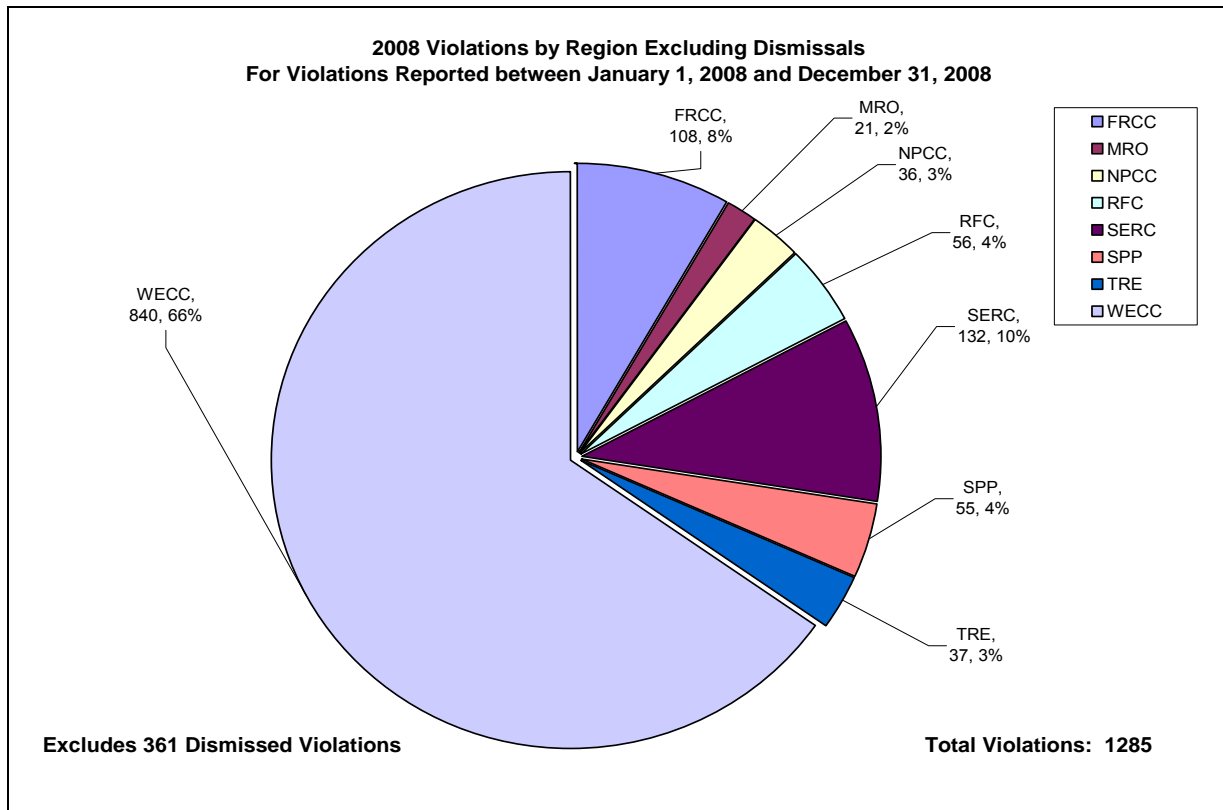
Figure 4 shows how these violations were determined, with the vast majority of the violations identified by self-reporting–52 percent; compliance audits–28 percent; or self-certifications–18 percent.

Figure 4: 2008 Violations by Method Excluding Dismissals

2008 Violations by Method Excluding Dismissals
For Violations Reported between January 1, 2008 and December 31, 2008

Spot Check, 17, 1%

Compliance Audit, 363, 28%

Self-Report, 657, 52%

Exception Reporting, 4, 0%

Investigation, 4, 0%

Periodic Data Submittal, 7, 1%

Self-Certification, 233, 18%

Legend:
- Compliance Audit
- Exception Reporting
- Investigation
- Periodic Data Submittal
- Self-Certification
- Self-Report
- Spot Check

Excludes 361 Dismissed Violations

Total Violations: 1285

The top ten most frequently violated standards during the January 1–December 31, 2008 period are listed in Figure 5 below.

Violations of NERC Reliability Standard PRC-005 requiring the maintenance and testing of system protection devices on the transmission system and generators, and violations of sabotage reporting, remain the two standards experiencing the highest number of violations since compliance became mandatory and enforceable. With almost 400 violations in-total, this represents 31 percent of all violations reported during 2008, and accounts for almost half of the total violations in the top ten most violated NERC Reliability Standards reported in 2008. There were three 'Facilities Design, Connections, and Maintenance Reliability Standards' in the top ten list, accounting for 14 percent of all the 2008 violations reported. This includes 36 violations of FAC-003, the Vegetation Management standard.

Figure 5: 2008 Ten Most Violated Reliability Standards

2008 Ten Most Violated Reliability Standards

VAR-001, 35
EOP-001, 35
FAC-003, 36
VAR-002, 43
CIP-004, 53
FAC-009, 68
TOP-002, 70
FAC-008, 78
CIP-001, 190
PRC-005, 204

Legend:
- VAR-001
- EOP-001
- FAC-003
- VAR-002
- CIP-004
- FAC-009
- TOP-002
- FAC-008
- CIP-001
- PRC-005

Total Top Ten Violations: 812
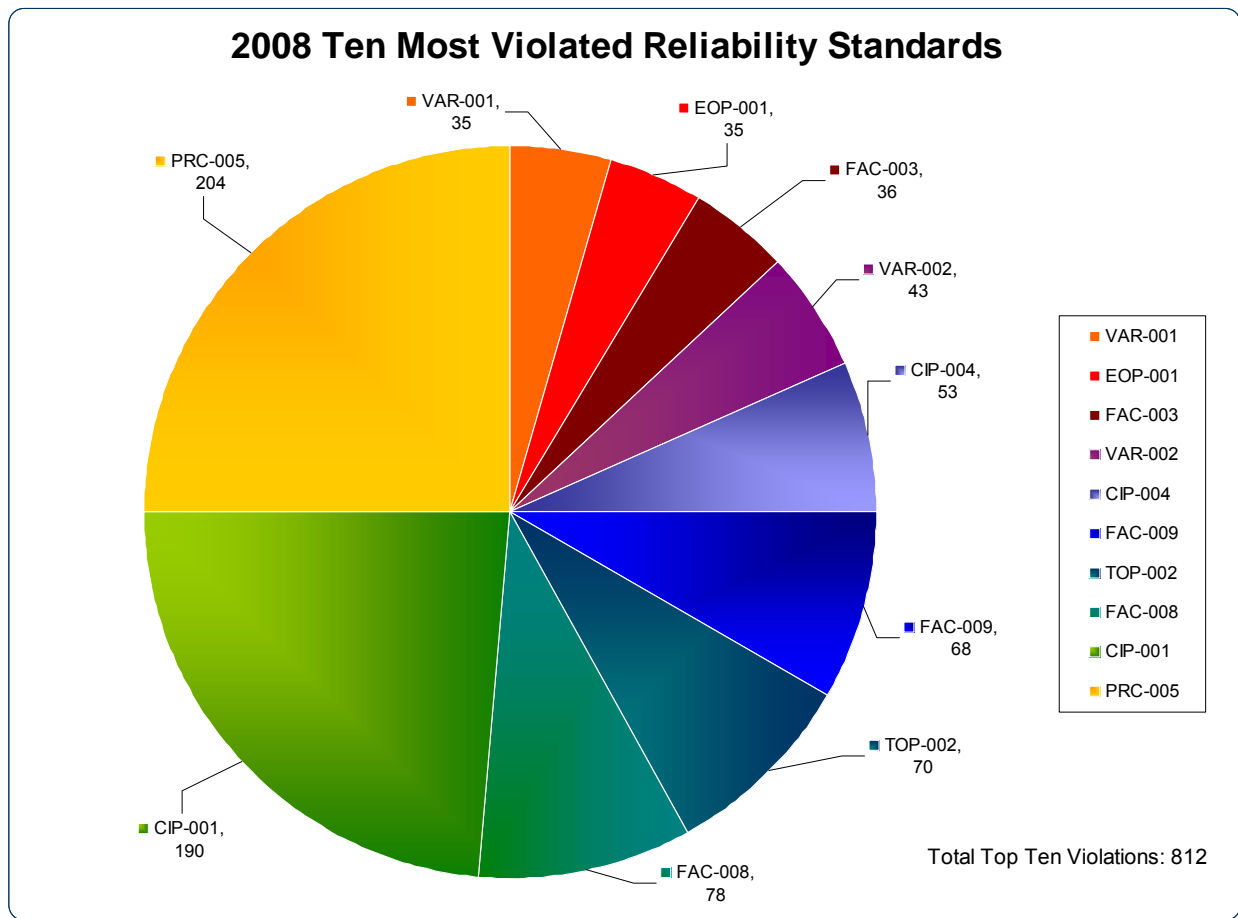
Canadian Violations as of December 31, 2008

As of December 31, 2008, there were twelve post-June 18, 2007 Canadian violations reported to NERC from the Regional Entities: seven in MRO (including one dismissed); three in NPCC, and two in WECC. Five of the twelve violations were submitted to NERC during 2008. Of the eleven active violations, there were five violations of NERC Reliability Standard FAC-003-1 (Transmission Vegetation Management Program), two violations of NERC Reliability Standard PRC-005-1 (Transmission and Generation Protection System Matintenance and Testing), two violations of NERC Reliability Standard PER-003-0 (Operating Personnel Credentials), one violation of NERC Reliability Standard TOP-004-1 (Transmission Operations), and one violation of NERC Reliability Standard IRO-001-1 (Reliability Coordination –Responsibilities and Authorities). Currently, a Notice of Confirmed Violation or Settlement Agreement has been issued that involve five of these violations.

Violation and Mitigation Process State Concept

Each month the NERC Board of Trustees Compliance Committee (BOTCC) is presented with compliance violation statistics. These statistics provide the committee with information regarding new violations that were identified during the current month, as well as updates to

previous violations that are making their way through the compliance process. The information presented at these meetings includes confidential and non-confidential material. In May 2008, the BOTCC began to conduct open quarterly meetings. At these meetings, non-confidential compliance statistical information is presented to the committee and the public participants that attend. This information is now available and posted on the UUUUNERC Compliance Web site[2] in the form of violation and mitigation process state flow diagrams and supporting statistical tables.

NERC Compliance staff developed a set of process state flow diagrams to assist in monitoring the progress of violations and associated mitigation plans as they move through the CMEP. These diagrams show how many violations are in various 'states' and 'substates' of the CMEP at the end of each month. The diagrams also show how many new violations were submitted into the process since the previous month, as well as the corresponding change in a substate. A definition for each substate is included on the violation and violation mitigation plan summary tables for information. These summary tables, as well as violation and violation mitigation plan flow charts for the period ending December 31, 2008 can be viewed on the NERC Compliance Web site.

Violation Process States as of December 31, 2008

Figure 6 illustrates by Region, the number of active FERC enforceable alleged violations that were in each CMEP violation state as of December 31, 2008. There are five violation states:

1. Assessment and Validation;
2. Confirmation;
3. Settlement Negotiations;
4. Pending Regulatory Filing; and
5. Completed and Closed

WECC accounted for approximately two-thirds of all the active violations NERC-wide. Almost 50 percent of all active violations were in the Assessment and Validation state; 23 percent in the Confirmation state; 14 percent in the Settlement state; and 14 percent in the Pending Regulatory Filing state. As of December 31, 2008, there were 105 violations that were closed over the previous 12 months. This means that the following actions have been completed, where appropriate:

1. Payment of Penalties;
2. Fulfillment of Sanctions;
3. Completion of Mitigation Plan(s);
4. Exhaustion of Administrative and Judicial Remedies; and
5. Fulfillment of Settlement Terms.

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[2] http://www.nerc.com/page.php?cid=3|22|304

Figure 6: FERC Enforceable Violations by Status Calendar Year 2008
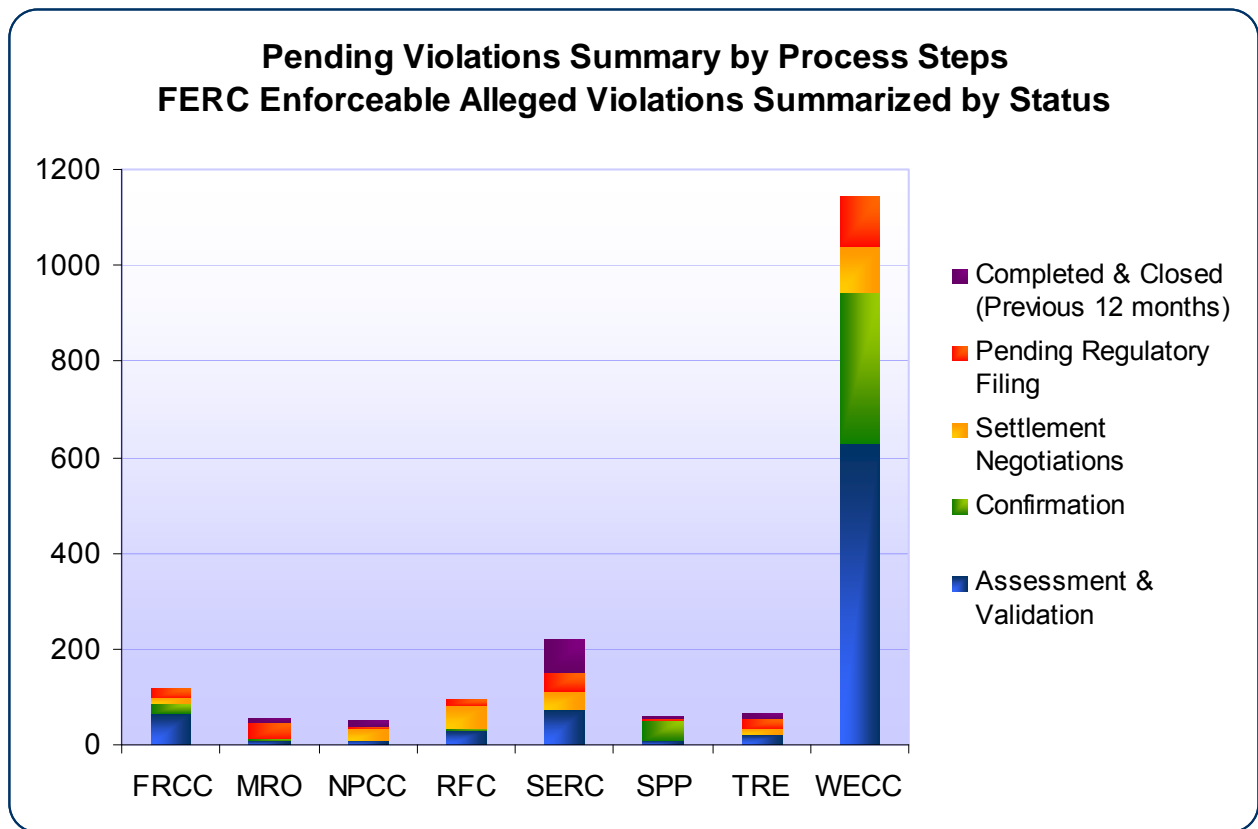
Violation Mitigation Plan Process States as of December 31, 2008

Table 1 shows by Region the break down of the 1,319 active FERC enforceable alleged violations that were in each CMEP violation mitigation plan state as of December 31, 2008. There are five violation mitigation plan states:

1. Regional Assessment;
2. NERC Assessment;
3. Violation Mitigation Plan Implementation;
4. Regional Verification of Violation Mitigation Plan Completion; and
5. Validated Complete

The Regional Assessment and NERC Assessment states each accounted for approximately 36 percent of all the violation mitigation plans on December 31, 2008. In addition, there were 20 percent of active violation mitigation plans that were either validated complete by the Regional Entity or were certified complete by the Registered Entity. Further, almost 500 violation mitigation plans were validated complete prior to December 2008.

Table 1: Mitigation Plans Process State Table - Active FERC Enforceable Alleged Violations

	State 1 (Regional Assessment)		State 2 (NERC Assessment)			State 3 (Mitigation Plan Implementation)	State 4 (Regional Verification of Completion)	State 5 (Closing)	
	Substate A	Substate B	Substate C			Substate E	Substate F	Substate G	
Region	Region Awaiting	Region Reviewing	Accepted MP Not Received from Region	NERC Reviewing Active MP	NERC Reviewing Completed MP	Registered Entity Implementation	Regional Verification of MP Completion	Mitigation Plan Validated Complete	**Total**
FRCC	28	8	5	4	7	0	19	7	**78**
MRO	6	0	0	3	1	0	2	1	**13**
NPCC	30	0	0	0	0	0	2	0	**32**
RFC	33	0	0	21	0	8	10	0	**72**
SERC	54	6	4	15	12	3	29	7	**130**
SPP	2	0	0	30	1	3	0	5	**41**
TRE	34	0	0	0	0	7	0	0	**41**
WECC	137	133	58	155	161	88	99	81	**912**
TOTAL	**324**	**147**	**67**	**228**	**182**	**109**	**161**	**101**	**1319**
Percentage of Total	**24.6%**	**11.1%**	**5.1%**	**17.3%**	**13.8%**	**8.3%**	**12.2%**	**7.7%**	
State Totals	**471**		**477**			**109**	**161**	**101**	

Definitions

Substate A = Region is still awaiting receipt of mitigation plan from Registered Entity.
Substate B = Region has received mitigation plan and is reviewing.
Substate C = NERC has received mitigation plan and is reviewing. Also includes any mitigation plans not yet received by NERC.
Substate D = Mitigation plan has been verified completed by the Region but is still awaiting approval by NERC.
Substate E = Mitigation plan has been approved by NERC, and sent to FERC, but has not been completed.
Substate F = Mitigation Plan has been completed per Registered Entity but is being verified by the Region.
Substate G = Mitigation plan has been verified completed by Region, has been approved by NERC, and sent to FERC.

- Includes Mitigation Plans received through 12/31/2008.   Report Date: 1/2/2009
- Mitigation information reported at the violation level.

Vegetation Outage Performance

The management of vegetation around major transmission lines remains a concern. Reported vegetation contacts in 2008 suggest more work is necessary as an industry to fully address one of the primary causes of the August 14th, 2003 blackout as well as others. In 2008, transmission lines were taken out of service for sustained periods[3] 11 times due to contact with trees from within the right-of-way and there were also additional contacts producing "momentary[4]" outages with the result that, as previously mentioned, the vegetation management standard (FAC-003) ranked in the top ten on NERC's 2008 list of most frequently violated standards. In each case, the line was removed from service at loadings well below the emergency rating of the transmission line.

The NERC Reliability Standard FAC-003-1 requires that each vegetation-related transmission line outage is categorized as one of the following:

Category 1   Grow-ins: Outages caused by vegetation growing into lines from vegetation inside and/or outside of the right-of-way.

Category 2   Fall-ins: Outages caused by vegetation falling into lines from inside the right-of-way.

Category 3   Fall-ins: Outages caused by vegetation falling into lines from outside the right-of-way.

During 2008 there were 35 vegetation-related sustained outages reported for transmission lines at 200 kV and higher. Eleven of these outages were due to vegetation contact from vegetation grow-ins from within the right-of-way (Category 1). On average, the line loading percentage at the time of the Category 1 outage was 56 percent of the normal rating. NERC provides a detailed description of each of the vegetation-related sustained outages in the quarterly vegetation management reports posted on the NERC Web site

Table 2 summarizes the number of transmission outages by voltage level, Region, and category.

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[3] These outages are referred to as "sustained outages" and are subject to reporting pursuant to FAC-003-1 Requirement 3.

[4] These are outages which produce momentary opening and de-energization of the line followed quickly and successfully by automated "reclosing" and re-energization of the line after electric energization of the vegetation involved results in the vegetation clearing from further ability to contact or be arced over to by the line. These types of outages are not required to be reported pursuant to Requirement 3 of FAC-003-1 but are considered and pursued as violations of FAC-003-1 in that they indicate failure to establish or maintain adequate Clearance 2 clearance called for in Requirement 1 or Requirement 2 of the standard.

Table 2: Summary of Vegetation-Related Transmission Outages[**] by Region and by Outage Category for Each Quarter in 2008

| Region	First Quarter — Category 1 GROW-INS (inside/outside ROW)	Category 2 FALL-INS (inside ROW)	Category 3 FALL-INS (outside ROW)	Second Quarter — Category 1 GROW-INS (inside/outside ROW)	Category 2 FALL-INS (inside ROW)	Category 3 FALL-INS (outside ROW)	Third Quarter — Category 1 GROW-INS (inside/outside ROW)	Category 2 FALL-INS (inside ROW)	Category 3 FALL-INS (outside ROW)	Fourth Quarter — Category 1 GROW-INS (inside/outside ROW)	Category 2 FALL-INS (inside ROW)	Category 3 FALL-INS (outside ROW)	TOTAL — Category 1 GROW-INS (inside/outside ROW)	Category 2 FALL-INS (inside ROW)	Category 3 FALL-INS (outside ROW)
FRCC			1–230 kV	1–230 kV									1–230 kV		1–230 kV
MRO															
NPCC				1–230 kV			1-345 kV 2-230 kV					1–345 kV	3–230 kV 1-345 kV		1–345 kV
RFC									1-230 kV						1-230 kV
SERC			1–230 kV	1– 230 kV 1–500 kV		3–230 kV			3-230 kV				1– 230 kV 1–500 kV		7–230 kV
SPP															
TRE							2–345 kV						2-345 kV		
WECC			4–<200 kV 8–230 kV	2–230 kV		1–230 kV 1–<200 kV			2-<200 kV			5–230 kV 4–<200 kV	2–230 kV		14–230 kV 11–<200 kV
TOTAL			4–<200 kV 10–230 kV	5–230 kV 1–500 kV		4–230 kV 1–<200 kV	3-345 kV 2-230 kV		4-230 kV 2-<200kV			1–345 kV 5–230 kV 4–<200 kV	7–230 kV 3-345 kV 1–500 kV		1–345 kV 23–230 kV 11–<200 kV

[**] Contains only sustained outages of transmission lines and does not include violations resulting from momentary outages or encroachments into the clearance zone as described in standard FAC-003.

Figure 7 illustrates the number of outages caused by vegetation growing into transmission lines from within the right-of-way that have been reported since 2004.

Figure 7: Category 1 — Grow-in Outages Caused by Vegetation Growing into Lines from Inside and/or Outside the ROW.[6]

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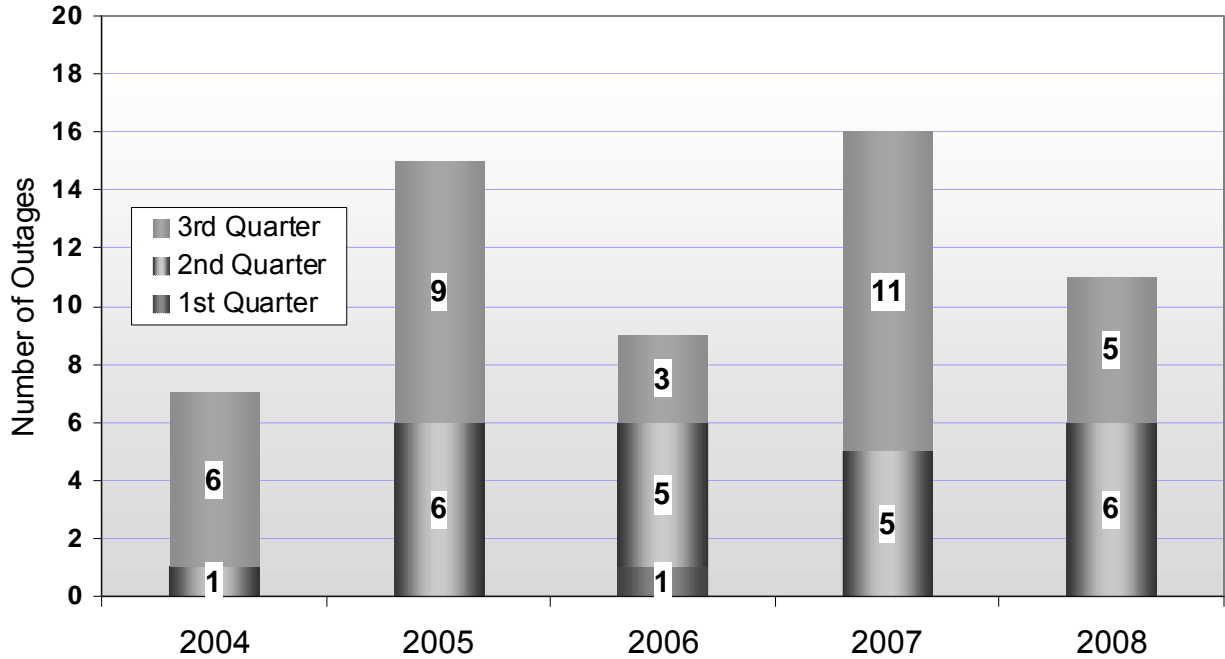
[6] Includes one 2007 Category 1 outage caused by vegetation growing into a RRO-designated critical line <200 kV.

Figure 8 provides this information by voltage class for each year.

Figure 8: Category 1 —Grow-In Vegetation Related Outages of 230 kV and Higher Transmission by Voltage Class

	2004	2005	2006	2007	2008
230kV	4	5	6	9	7
345kV	3	4	2	5	3
500kV/765kV	0	6	1	1	1

Year
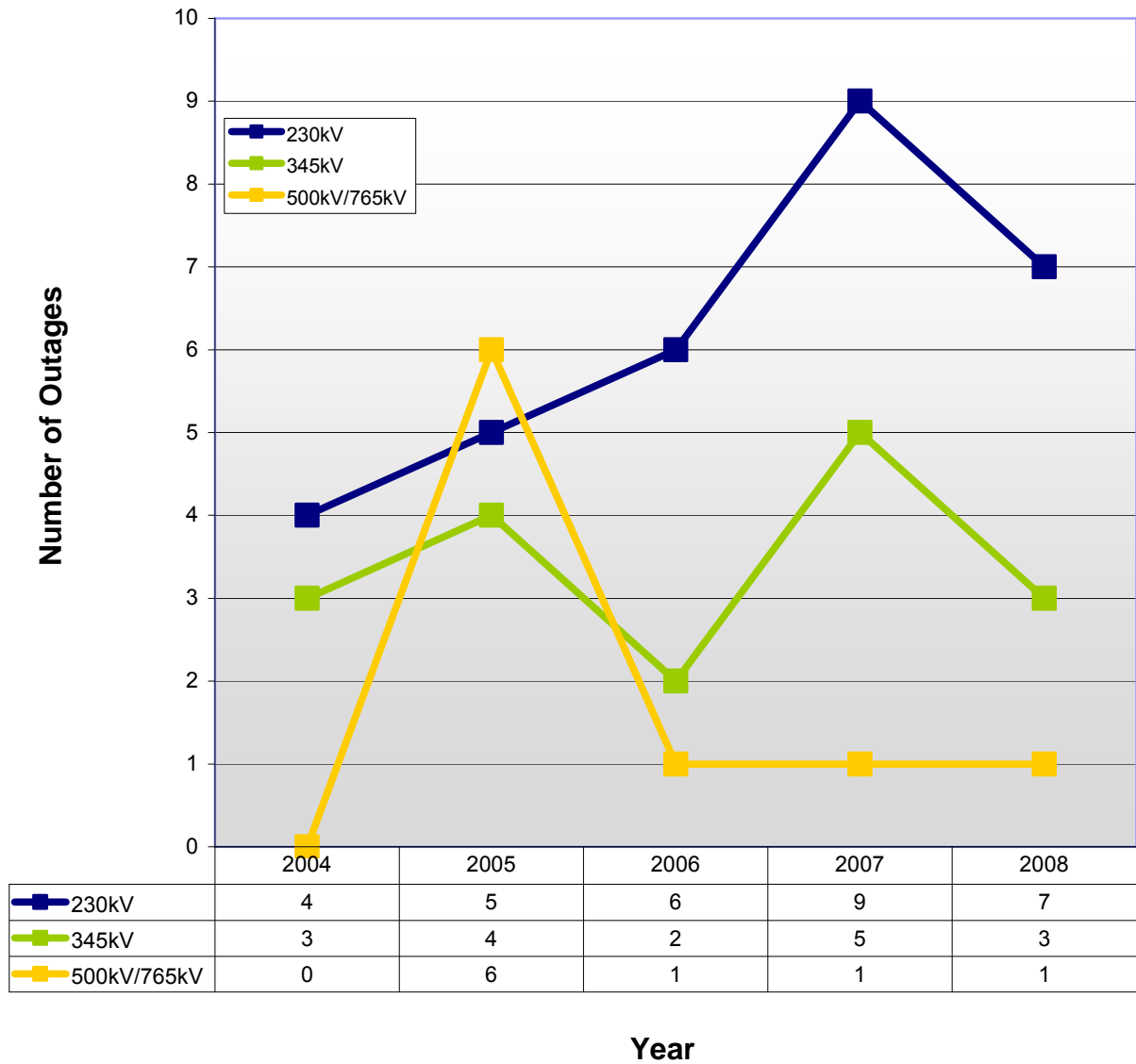
5. Review of NERC Staff CMEP Activities

This chapter provides an overview of the CMEP activities of NERC Staff in 2008.

5.1   Organization Registration and Certification

The registration and certification of users, owners, and operators of the bulk power system per the NERC RoP Section 500 is an ongoing task for NERC and the Regional Entities. Prior to 2008, NERC had identified approximately 1,750 Entities that were registered for approximately 4,300 functions. In 2008, NERC and the Regional Entities broadened the registration activities to include all functions identified as responsible for compliance with the regulatory-approved NERC Reliability Standards. This resulted in a Regional Entity outreach to register many entities that had not been previously identified as users, owners, and operators of the bulk power system.

Table 3 below details the number of Entities registered in each Regional Entity as of December 31, 2008. This resulted in 1,865 Registered Entities that registered for 4,479 functions.

Table 3: Registered Entities by Regional Entity as of December 31, 2008

Region	Total # of Entities	BA	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP	Total # of Functions
FRCC	76	11	25	39	38	11	17	13	25	1	14	1	25	16	12	8	245
MRO	116	19	55	48	46	0	57	5	63	2	33	2	33	19	22	17	421
NPCC	276	6	61	123	115	6	52	6	92	5	6	2	42	14	19	16	559
RFC	360	10	93	135	128	2	62	3	164	2	17	1	35	15	14	3	682
SERC	225	30	71	95	83	27	75	19	81	7	31	5	43	23	26	18	607
SPP	116	16	45	49	45	2	48	1	56	2	25	1	31	17	21	10	367
TRE	214	1	43	110	75	1	0	1	39	1	1	0	29	1	24	1	326
WECC	482	34	177	228	215	1	151	31	155	1	57	3	83	51	47	39	1272
TOTAL	**1865**	**127**	**570**	**827**	**745**	**50**	**462**	**79**	**675**	**21**	**184**	**15**	**321**	**156**	**185**	**112**	**4479**

The document that lists the criteria used for registration of functional Entities is the NERC Statement of Compliance Registry Criteria. The NERC Compliance Registry is posted on the NERC Web site[7] in multiple formats and submitted to FERC each month. This monthly update process began in June 2007.

Registered Entities have the option of appealing their inclusion on the NERC Compliance Registry to NERC. The NERC BOTCC is the hearing body for these appeals and in 2008, three Registered Entities filed formal appeals with NERC. As of December 31, 2008, the BOTCC had issued final rulings on six appeals. Four BOTCC rulings were filed at FERC (Table 4).

Table 4: BOTCC Appeals Rulings appealed to FERC

FERC Docket No.	NERC RA No.	Region	Registered Entity	FERC Ruling
RC08-4-000	RA070104	WECC	New Harquahala Generating Co. LLC	Order denying appeal, 123 FERC ¶ 61,173 (May 16, 2008); order on clarification, 123 FERC ¶ 61,311 (June 27, 2008);
RC08-5-000	RA070106	RFC	U.S. Department of Energy [Portsmouth/Paducah Project Office]	Order denying appeal, 124 FERC ¶ 61,072 (July 21, 2008)
RC08-7-000	RA070005	TRE	Constellation Energy Commodities Group	Order remanding appeal, 125 FERC ¶ 61,205 (November 20, 2008); settlement agreement submitted May 4, 2009.
RC08-1-000	RA070047	SERC	Southeastern Power Authority (SEPA)	Order remanding appeal, 122 FERC ¶ 61,140 (February 21, 2008) ; order upholding registration, 125 FERC ¶ 61,294 (December 18, 2008)

[7]www.nerc.com/page.php?cid=3/25

In 2007, NERC and the Regional Entities began a project to revise the process and related procedures for the certification of Registered Entities as set forth in the RoP Section 500 and Appendix 5. This project is scheduled to be completed in 2009. In addition, the certification process for a large Balancing Authority (BA) was undertaken by NERC and applicable Regional Entities and was completed in mid-2008. It involved the certification of a large multi-Region ISO and the joining of this ISO with 26 smaller BAs into one large multi-Region BA that is registered according to the NERC RoP Section 507, JRO. The certification process was completed in spring of 2008, certification was granted, and the BA commenced normal operation in January 2009. Table 5 shows the certifications completed by NERC and the Regions in 2008.

Table 5: NERC Certifications Completed in 2008

Entity	Function	Certification	Operational
MISO	BA	March-08	06-Jan-09
Griffith (CECD)	BA	November-08	01-May-09
WECC	RC	December-08	01-Jan-09
NaturEner (CECD)	BA	September-08	15-Oct-08

Some of the additional projects and tasks that were undertaken in 2008 by the Organization Registration and Certification department will be completed in 2009:

- The incorporation of the NERC Compliance Registry into the Guidance Software package. This will result in database structure changes and the addition of large amounts of data to the NERC Compliance Registry. This project will also require the ability of the Compliance Registry to communicate directly with the NERC Standards database;

- The expansion of the NERC Compliance Registry database to include other types of Registered Entity contact information such as Cyber Security, Protection System, and Operations contacts. This will enable all NERC departments, as applicable, to contact Registered Entities and other Entities as requested by organizations such as the Department of Homeland Security (DHS) Transmission Owners Group, etc.; and

- The approval by the Board of Trustees and FERC of the revised NERC Certification process and procedures and the related RoP Section 500 requirements.

5.2   Seminars and Communications

For 2008, seminars for compliance activities have been conducted at the Regional level. NERC learned early that there are important interfaces between the users, owners, and operators of the bulk power system and the Regional Entities necessitating a more Regional approach to communications. NERC provides material from the North American perspective for each of the Regional seminars and the Regional Entities providing much more detail regarding the specific program requirements in their particular Regions. The Regional Entities conducted a total of 23

Compliance seminars in 2008, reaching out to approximately 2,600 participants. NERC Compliance staff attended most of the Regional Entity Compliance seminars.

5.3 Reorganization of the Regional Compliance Program Oversight Group

Significant changes were made in the Audits and Investigations groups during 2008 to add a more focused approach on both audits and investigations. What was formerly the Regional Compliance Program Oversight (RCPO) Group was divided into two groups:

Compliance Audit Group (CAG)

- The CAG, which was to re-align the NERC compliance audit group to systematically observe the proceeding of the Regional Entity audit process while driving consistency across the Regions for the application of ensuring bulk power system reliability;

- Oversee audits, monitor and report on the results of the Regional Entity's compliance with the CMEP and RoP; and

- Utilizing an outside contractor, the CAG will also implement the ERO's obligation to audit each Regional Entity's implementation of the CMEP, pursuant to Rule 402.1.3 of the RoP.

Compliance Violation Investigations (CVI) Group

- The New NERC CVI Group is responsible for directing, leading, and tracking Compliance Inquiries (CIQs) and CVIs on the North American bulk power system. The Compliance Investigation Group responsibilities also include:

    - ✓ Interfacing with governmental authorities for joint NERC/government compliance investigations (i.e., FERC 1b compliance investigations); and

    - ✓ Monitoring all matters regarding the Regional Entity CVI programs.

5.4 Compliance Audit Process

The NERC and Regional Entity compliance audit process is consistent with the Government Accountability Office (GAO) Generally Accepted Government Auditing Standards for performance audits. NERC Regional Compliance Program Coordinators observed Regional Entity-led audit teams to audit Registered Entities. The Regional Entity compliance audit processes were monitored and the Regional Compliance Program Coordinators provided feedback to their respective Regional Entities. The NERC Coordinators also interface with FERC staffs who often observe Regional Entity-led compliance audits.

The Regional Compliance Program Coordinators monitored the compliance audit process steps for conducting a compliance audit each time they participated on a Regional Entity-led audit of Registered Entities. Feedback was provided to the audit team lead immediately following the compliance audit and the Regional Compliance Program Coordinator followed up with

documented feedback. This process of training and monitoring the compliance audit process implementation improved the uniformity of this process at all Regional Entities.

In 2008, as noted above, the CAG was established to oversee the Regional compliance audit process as well as to conduct audits of the Regions. In 2008, the CAG (and its predecessor the RCPO) oversaw 83 out of the 145 onsite audits conducted by Regional Entities of Registered Entities, amounting to 57 percent of all Regional Entity-led audits in 2008.   Note, however, that due to the reorganization of the RCPO Group (with a shift in resources to CVIs and other priorities and audits of the Regional Entities' implementation of the CMEP under CMEP Section 402), the CAG is scheduled to observe only 15 of the 137 Regional Entity-led onsite audits, or approximately 11 percent.

NERC has led certain compliance audits in order to remove a conflict of interest between a Regional Entity and an affiliated Registered Entity. In 2009, NERC will formally assume compliance enforcement authority functions for Regional Entities that perform or have affiliates that perform Registered Entity functions. Specifically, NERC will lead Registered Entity compliance audits where FRCC, SPP, and WECC are undertaking Registered Entity functions.

5.5   Auditor Training Activities

NERC Training and Compliance staff developed and deployed compliance auditor training for lead auditors in 2007. Beginning June 18, 2007, all audit team leaders were required to take NERC lead auditor training. The NERC compliance auditor training is based on the GAO Generally Accepted Government Auditing Standards for performance audits. From 2007–2008, NERC has trained over 150 compliance lead auditors and compliance staff via instructor-led compliance courses. The instructor-led courses are Fundamentals of NERC Compliance Audits for Lead Auditors and NERC CIP Standards Training. Both of these courses will continue to be held in 2009. They are both updated based on new material.

As of April 23, 2009, NERC conducted 14 sessions of the Fundamentals of NERC Compliance Audits for Lead Auditors training beginning May 1, 2007. One hundred and forty participants have completed this lead auditor course.   This course is delivered quarterly to compliance auditor team leaders. The course includes lead auditor tools, interview techniques, correct protocols, processes, techniques for gathering evidence and other necessary skills. The course is facilitated by NERC subject matter experts.

As of April 8, 2009, NERC conducted six sessions of CIP Standards Training (CIP Basics for Auditors). Ninety-two lead auditors and compliance staff have completed this course. This is an instructor-led Fundamentals of IT Auditing course for the NERC CIP Standards for compliance audit team leaders. This course covers the CIP standards that will be auditably compliant on July 1, 2009. NERC will develop additional CIP Standards Training courses for the CIP Standards that will be auditably compliant after July 1, 2009.

The compliance auditor training material is continuously being improved based on feedback from compliance audit experiences and changes to the GAO Generally Accepted Government

Auditing Standards, CMEP and RoP. In anticipation of the requirement for all compliance audit team members to be trained on the compliance audit process by NERC in 2008, the NERC Training department developed online audit team member training modules (modules listed below). NERC Regional Compliance Program Coordinators provided support to this effort. All lead compliance auditors must still take the face-to-face training sessions.

"Fundamentals of NERC Compliance Audits for Audit Team Members" is an online compliance auditing fundamentals course and is available on demand (24/7) for compliance audit team members. It is required for all team participants before they perform as part of an audit team. This course is similar to the instructor-led compliance auditing fundamentals course. It is not as intensive as the instructor-led course because it does not include all of the instruction and tools for the lead auditors. It includes interview techniques, correct protocols, processes, techniques for gathering evidence, and other necessary skills. As of February 28, 2009, 267 industry participants have taken this online course.

"Gathering Quality Evidence" is an online module for audit team leaders and audit team members launched in April 2008. This training module is required before anyone may participate on a compliance audit. This module is in addition to the Fundamentals of NERC Compliance Audits for Audit Team Members online modules. This module is available on demand (24/7). As of February 28, 2009, 265 NERC, Regional Entity, and Commission personnel have taken this online course.

Additional training modules enhancing the Regional Entity and NERC Compliance auditor skills will be developed and offered in 2009.

5.6   Reliability Standard Audit Worksheets

NERC and the Regional Entity Compliance staffs collaborated to develop Reliability Standard Audit Worksheets (RSAWs). The RSAWs were initially developed to be an auditing tool for the compliance audit teams. The RSAWs break down information detailed in the NERC Reliability Standard requirements so that the compliance auditor reviews evidence for all aspects of the requirements. In 2008, the NERC questionnaire was added to the RSAWs at the request of the Regions and the Entities. This allows one single combined document to be sent out for use in audits. Additionally, NERC included relevant language from various FERC orders related to the standards for ease of reference by Regional and Registered Entities.

NERC will review these RSAWs on a continuous basis for improvement. In fact, in 2009, NERC staff undertook a substantial revision of the RSAWs. They were reformatted as Word documents to ensure they were more easily used by auditors and Registered Entities, and responding to concerns that the RSAWs contained guidance to auditors to go beyond the scope of the reliability standards, NERC legal staff undertook a comprehensive review of the FERC order language to verify that only language by FERC interpreting reliability standards was included in the RSAWs (and not language by FERC suggesting modifications to the reliability standards).

5.7 Enforcement and Mitigation

The Regional Entities and NERC collaborate on enforcement and mitigation processes. NERC also performs substantive independent review for approval of the final enforcement actions issued by the Regional Entities. Achieving appropriate penalties and sanctions in a uniform manner at all eight Regional Entities is essential in implementing the CMEP. NERC and the Regional Entities worked together to continue progress towards uniformity in the CMEP process.

NERC filed 40 final ERO enforcement actions, in the form of Notices of Penalty to file NERC-approved Settlement Agreements or Notices of Confirmed Violation, at FERC in 2008. None of these enforcement actions were remanded back to NERC nor did FERC choose to take action under its own authority on the matters. On July 3, 2008, FERC's "Guidance on Filing Reliability Notices of Penalty" Order (124 FERC ¶ 61,015) accepted NERC's first Notice of Penalty filings but also provided considerable additional guidance and clarity regarding the Commission's requirements and expectations. This guidance and clarity, as well as that provided by subsequent Orders, have been adopted and implemented in each subsequent Notice of Penalty filing.

5.8 Reporting, Analysis, and Tracking

NERC has fully met its obligations of reporting all violations to FERC per the schedules established in the RoP. NERC processed and tracked over 1,600 violations that were reported in 2008, and tracked over 5,000 pre-June 18, 2007 violations. NERC developed and implemented the concept of violation states and substates to assist in monitoring the progress of violations and associated mitigation plans as they move through the CMEP. Compliance reporting is an area where NERC and the Regional Entities agree that improvements are warranted. The legacy system of reporting compliance information to NERC is not intended to be the ongoing solution. NERC investigated an alternative solution in 2008 and has a plan for improvement in 2009. NERC will implement a new Compliance Reporting System (ERC2) in 2009/2010 using an outside software developer. This tool is expected to provide an improved reporting interface for the Regional Entities and enable more efficient reporting to appropriate governmental authorities including FERC. The tool will consolidate the registration, compliance violation, standards, and mitigation and enforcement databases to allow efficient flow and analysis of information.

5.9 Compliance Violation Investigations

In October 2008, NERC reorganized to perform CVIs at a level consistent with industry and government expectations. To this end, NERC established a new group responsible for directing, leading, and tracking CIQs and CVIs. This new group consists of one Manager, four Senior Compliance Investigators, and four Compliance Investigators. NERC has been involved with a number of investigations and has gained significant experience in conducting investigations.

In late 2008, NERC established a process to quickly triage events to determine if a CVI was warranted. This process, the Compliance Inquiry Process, is an informal process allowing NERC to quickly gather information and data in accordance with the currently approved RoP to allow a determination if a formal CVI is necessary. The CVI process is significantly more

formal and requires the establishment of an investigation team where the CIQ process allows the ability to quickly collect preliminary information for review. In many cases, there is no need for a formal CVI thereby reducing the burden on the Registered Entity and NERC.

Even prior to the reorganization, NERC staff was actively engaged in CVIs. From January 2008 to October 2008, the RCPO Group assigned a Regional Compliance Program Coordinator to be actively engaged in the development of NERC CVI processes which included investigation methodology and the development of investigator tools to initiate, track and manage CVIs. The RCPO group was also actively involved in leading, participating or tracking all active NERC and Regional Entity led CVIs and any active FERC 1b compliance investigations. Over the past year, NERC has been involved in many phases of historic ground breaking investigation-related occurrences, several of which are bulleted below:

- In February 2008 - NERC staff was asked to actively participate on the first FERC 1b Compliance Investigation involving possible violations of NERC Reliability Standards while leading a concurrent NERC CVI.

- In March of 2008 – NERC staff initiated and has been leading the first ever cross-regional and cross-border (United States and Canada) CVI.

- In the fall of 2008 – NERC initiated, issued, and negotiated a settlement for the first ever remedial action directives (RADs) to mitigate reliability issues deemed a risk to the reliability of the BES which were uncovered during the course of a joint FERC/NERC investigation.

- In the fall of 2008 – NERC collaborated with FERC on the first ever compliance enforcement process settlement relating to an electrical industry violation of NERC Reliability Standards.

- For the last year, NERC has been an Ambassador who actively strived to break new ground by developing positive working relationships by interfacing with governmental authorities in the United States and Canada during CVIs.

- The CVI Team has opened 32 CIQs since January 1, 2009.

- The CVI Team is involved with 22 CIQs – 11 Regional and 11 NERC.

- The CVI Team is involved with five FERC 1b investigations.

6. Feedback from Regional Entities

In preparing this annual report, NERC staff surveyed each Regional Entity about their experiences under the 2008 CMEP program. The following section reflects survey responses.

6.1   Florida Reliability Coordinating Council

Summary of FRCC 2008 Compliance Workshops

In 2008 the FRCC held two workshops in the spring (April 8-9, 2009) and five workshops in the fall (September 12, 2008, September 19, 2008, September 26, 2008, October 7, 2008, and October 10, 2008). The spring workshops were very similar to those conducted in 2007 providing basic information about the compliance program. However, the fall workshops were very different and were split into two sessions each day.

For the spring compliance workshops, there were approximately 111 attendees representing 47 Entities/companies. There were six FRCC/Entity/NERC speakers addressing 18 key topics. In addition, the speakers addressed approximately 62 questions from the attendees. Surveys of the attendees indicate the workshops were presented well and were useful.

The morning session of the fall workshops focused on training for the new Web-based application that the FRCC has implemented for reporting and tracking. This was geared towards the Registered Entity personnel who will be the Master Account Administrator. The afternoon session was focused on areas where the Registered Entities indicated a need for more information. The topics included:

- Preparing for an audit;
- Quality of evidence;
- Problem areas and update on penalty assessment; and
- Reliability standards development

There were approximately 140 attendees in the five sessions provided. The feedback that the FRCC received from the participants of the fall workshops was very positive. They were very pleased to have information to help them understand what is being sought during audits and investigations in terms of quality evidence. The FRCC plans to continue to provide this kind of education to the Registered Entities in future workshops.

1. **FRCC communications medium used to promote transparency in addition to Compliance Workshops:**

   FRCC communication mediums included 12 meetings with the FRCC Compliance Committee which had representatives from many of the Registered Entities in the Region.

In addition, FRCC posts key compliance program items on its public Web site. These items included the 2008 Implementation Plan, the FRCC CMEP, FRCC Audit Guides, Audit Schedules, Audit Procedure documents, compliance forms, compliance contact information, registration information, and several other items.

2. FRCC planned communications initiatives for 2009 to improve transparency:

During 2009, the workshops will focus on changes in the administration of the FRCC CMEP program including enhancements to the Web portal that is now utilized by FRCC to allow Entities to submit self-certifications. In addition, the FRCC is exploring ways of providing more information to the Registered Entities such as a Frequently Asked Question (FAQ) component on our public Web site. Webcasts are also being reviewed for those that may not be able to make the onsite compliance workshops. FRCC will also particpate in the Regional Entity Common Web site, which was initiated in 2008.

3. FRCC changes from the 2007 program implemented in the 2008 Regional Compliance Program, including positive and negative changes:

FRCC implemented a Compliance Tracking and Submittal (CTS) system that allows Registered Entities to submit their annual self-certifications through a Web-based portal. FRCC purchased this portal from Guidance, Inc. and is part of a six Region consortium that works together to enhance the portal usage. The consortium works together to promote consistency in applications and processes plus shares cost in continuing development of the portal software.

The CTS system was highly successful. It greatly improved the efficiency of self-certification for both the Registered Entities and the Region. The Registered Entities are looking forward to expanded capabilities.

4. FRCC proposed changes for the 2009 compliance program:

FRCC will implement an onsite compliance audit program that will monitor all registered functions on a six-year cycle except the BA and TOP, which will remain on a three-year cycle.

FRCC will only use the NERC-developed RSAWs.

FRCC will expand the use of the CTS to allow for periodic reporting by the entities through this portal.

5. FRCC audit, review and spot check processes that have been followed to validate registrant's self-certifications:

During 2008, FRCC completed four onsite compliance audits. This included the City of Homestead, JEA, Reedy Creek Improvement District and Tampa Electric Company.

For 2009, FRCC has 16 onsite compliance audits scheduled. This will be the first year to incorporate audits of Registered Entities that are not also BAs, TOPs and RCs.

Spot-Checks

The FRCC has developed and implemented a procedure for conducting spot-checks of its Registered Entities that are subject to the FRCC CMEP. The FRCC Compliance staff selects reliability standards based on covering all Registered Entity functions and those that may have more impact on the reliability of the FRCC BES.

During 2008 the FRCC Compliance Staff selected the following NERC Reliability Standards for the spot-check review: FAC-003-1, PRC-005-1, VAR-001-1 and VAR-002-1.

Self-Certification

The 2008 self-certification process for FRCC included all Registered Entities in the Regions and was conducted using the CTS tool.

In addition to the annual self-certification, FRCC conducted the CIP-002 through CIP-009 self-certification in July of 2008 per the NERC CIP Guidance document on the CIP Implementation Plan.

6. **FRCC number of audits and audit types conducted in 2008:**

Four Entities registered as both a Balancing Authority and a Transmission Operator received an onsite compliance audit during 2008. These were the City of Homestead (BA & TOP), JEA (Jacksonville) (BA & TOP), Reedy Creek Improvement District (BA), and Tampa Electric Company (BA &TOP). All planned audits were completed.

7. **FRCC changes to the validation process in 2008:**

During 2007, onsite audits began with several pre-audit review sessions at the FRCC office and a final one and one half day onsite at the Registered Entity. In 2008, the FRCC began the year with a pre-audit review process that included two days at the Entity's site, one day at the FRCC office, and a final one and one half day onsite at the Entity. However, we modified that process and the remaining audits for 2008 were conducted fully onsite at the Entity's facility. This allowed review of material that was supplied in the initial data request to be reviewed with access to Entity personnel for follow-up and additional clarification.

In 2007 evidence was supplied by the entity to FRCC primarily in hard copy format through boxes sent in the mail. However, during 2008 the FRCC set up a secure Web site location where the entity was requried to download their evidence to demonstrate compliance to each standard as well as responses to surveys and questionnaires. This proved to be a much more efficient process as well as providing the responses fully

electronic, which was more convenient to the auditors in review and in electronic data retention.

Also during 2008, FRCC made full use of the NERC-provided Reliability Standards Audit Worksheets for reviewing the evidence for each standard.

8. **FRCC significant issues encountered in 2008 and actual or potential actions to remediate the following issues:**

Frequent changing of processes and forms: During 2008, many of the templates that NERC provided, such as the Notice of Alleged Violation and Penalty and Sanctions, Notice of Confirmed Violation and Penalty and Sanction, and the settlement document were modified, as well as the quantity and form of record for each. There was also change in the audit report form and process. This added extra work and additional time that was inefficient and contributed to our backlog. More collaborative effort between NERC and the Regions in the development of the forms and processes is needed and could improve the understanding of the process/forms and the expectations of NERC and FERC. Also, better posting and accessiblity of the process documents, forms, and guidance documents would improve accuracy, consistency, and efficiency.

Action Taken: The Knowledge Management effort that is being reinitiated by NERC has the potential for improving the timely posting of processes, forms, and guidance and providing easier accessiblity to the latest document versions. In addition, the assignment of a dedicated NERC liaison with input to the Regional efforts to build consistent implementation processes would be highly beneficial to these efforts.

Personnel Shortages: Greater personnel resources are needed to meet the ever-increasing CMEP tasks in the Region.

Remedial Action: The FRCC Region has budgeted for two additional compliance personnel in 2009. One of these postitons has already been filled. However, the availability of personnel with CIP, transmission planning, transmission operations, audit, compliance, or NERC standards knowledge and skills that are willing and able to accept compliance positions continues to be very scarce. The FRCC will continue to seek qualified candidates and constantly evaluate its personnel needs.

Backlog Reduction: There was a higher than anticipated volume of self-reporting and associated mitigation plans from the Registered Entities prior to the June 18, 2007 mandatory and enforceable standards date. This had a major impact on the workload and timeliness associated with the entire CMEP for the Region that continued into 2008. Limited compliance staff resources had to process pre-mandatory enforcement documents while still moving forward with the post-mandatory activities.

Remedial Action: FRCC has been very focused and has worked diligently, including many overtime hours, at alleviating the backlogs associated with the high volume of self-reporting. In addition, FRCC sought and received assistance from the SERC staff in verifying the entity completion for several of these mitigation plans. With the increase in FRCC personnel and the non-recurrence of the unique pre-mandatory self-reporting, it is anticipated that more timely processing of CMEP documents (i.e., mitigation plans and enforcement notices) can be achieved in 2009.

9. **FRCC reported top strengths:**

The FRCC utilizes a regional compliance committee comprised of stakeholders to review and provide input to procedures, workshops, and following of the CMEP. Their insight is helpful in improving our processes to benefit reliability. In addition, this committee serves as another vehicle for educating Registered Entities about what to expect with the compliance effort. This committee has also provided much needed volunteer support for conducting the onsite audits during 2007 and 2008.

The FRCC has a small but highly qualified, motivated, professional and dedicated compliance staff. The compliance staff has extensive experience in transmission and generation operations.

10. **FRCC key areas for improvement:**

The first key area that is targeted for improvement is the addition of compliance staff including auditors and administrators. Going forward, acquiring sufficent and capable auditors including those necessary for the CIP standard auditing will be very critical.

The second key area targeted for improvement is the enhanced use of the forms submittal Web site portal and accompanying database for tracking violations and mitigation plans. Not only will this aid the FRCC's administration of the program, it will also allow the Registered Entities an easier means of providing the information needed. This application will also be enchanced to store information associated with violations, mitigation and enforcement, and allow for tracking internal metrics, which will be useful for continuous process improvements.

A third area is the storage and control of documents. This would include an improved access to needed compliance records, disposal of unnecessary files, greater use of electronic storage of evidence, and better catergorizing, sorting, and retrieval of all compliance electronic files. The FRCC is implementing a new document management system in 2009 that should aid significantly in this effort.

11. **FRCC key areas for improvement identified in 2007, and addressed in 2008:**

The first key improvement/enhancement identified in the 2007 Regional report was an increase in compliance personnel. This was addressed and achieved by the

addition of three compliance auditors and one program administrator. This fulfilled the budgeted additional positions for 2008.

The second identified area in 2007 was the implementation of a Web site portal. This was achieved through the purchase of software from Guidance Inc. This Web site portal was used by FRCC for the 2008 self-certification by the Registered Entities in the Region. Plans to expand use in 2009 will further improve the FRCC's implementation of the CMEP.

The third improvement/enhancement indentified in 2007 was moving the conduction of the NERC Readiness Evaluation in front of the scheduled compliance audits. The NERC Readiness Evaluations had been continuous and preceding each compliance audit for the BA/TOP entities. This was reversed in order for the first compliance audit in 2008 however, NERC eliminated the readiness evaluation so it was no longer an issue.

12. **FRCC Recommendations for the NERC Compliance and Monitoring and Enforcement program:**

There seems to be uncertainty of acceptance in the use of industry volunteers in the CMEP among NERC and FERC staff. The RoP and the CMEP allow their use, yet it appears that there is no consistency in the views of FERC and NERC among their use in various Regions. The CMEP and RoP should be reviewed and any necessary changes to the use of these industry volunteers should be clearly and completely reflected in the NERC RoP and its Attachment 4C.

There appears to be contradiction between the standards and the expectations of the compliance program in the audit period. Expectations are that enforcement goes back to June 18, 2007 however, Section 3.1.4 of the CMEP states that the data retention section of the reliability standard will identify the scope of the audit. This has caused significant confusion among Registered Entities and compliance staff. The RoP and the CMEP and any affected reliability standards should be clearly reviewed and modified to clearly state the expectations of the compliance monitoring period.

With the mandatory enforcement of the CIP standards, many questions about chain of custody, requirements of confidentiality, and access to data and records by compliance staff have arisen. A review of these issues should be made and information should be provided to Registered Entities to allay their concerns of protecting critical information and the regional compliance audit teams following the access restrictions the entity must develop to comply with the CIP Standards.

13. **FRCC performance reporting issues experienced in 2008 and potential suggestions for improvement:**

An initiative is underway to replace the workbook that is presently used for submitting CMEP activity information for violations, mitigation plans, and

enforcement notices/records from the Regions to NERC with a Web-based application. This initiative also includes the replacement of the spreadsheet process for submitting of registration information. It is imperative that this initiative continues and that the software and process is fully synchronized with the existing Web-based tools used by the Regions. Coordination and complete implementation of this Web-based application can have a significant impact on reducing wasted manpower and improving accuracy, timeliness of reporting and ease of accessibility to the information that is submitted by all stakeholders. This will be very important to the improvement in output and transparency that is highly desired by all participants in the process (i.e., FERC, NERC, Regional Entities and Registered Entities).

14. FRCC disclosure issues encountered during 2008:

During a compliance audit, one Registered Entity expressed concern for the Region independently printing multiple copies of the evidence they provided in electronic form.

Another entity expressed concern about their exposure to a possible violation of the reliability standards by allowing regional compliance audit staff to have access to their entity's evidence without adhering to the data access policy they had developed to comply with CIP standards.

Both of these issues were temporarily resolved but are likely to reoccur during future audits (Editors note: Following FRCC's submittal of this information, NERC issued both a directive to the Regional Entities and a public bulletin regarding the issue of auditor and investigator access to confidential information.).

6.2   Midwest Reliability Organization

Summary of MRO 2008 Compliance Workshops

MRO held a compliance program and reliability standard workshop on May 15 and May 22, 2008. The workshop attendees represented more than 80 percent of the Registered Entities (or Registrants) within MRO. The presentations were posted on the MRO Web site after the workshop concluded for those that were not able to attend. A questionnaire was utilized for obtaining feedback from the Registered Entities. The comments can be summarized as follows:

- Most described the workshop as very helpful and useful. The content was well received as was the panel of knowledgeable speakers, the handout materials, and the amount and relevance of information given.

- Many of the attendees expressed appreciation for the opportunity to convene with other utility companies and discuss similar topics, share best practices, etc. Some commented that the more knowledge and training MRO can provide to Registered Entities, the more likely they are to be compliant.

- Suggestions such as making the presentations available in advance of the meeting on the MRO Web site, posting the panel discussions as Webcasts, and developing a compliance program template for entities to use are being taken into consideration by MRO staff.

- Attendees would like to see future meetings cover more details related to standards, CIP, and CEII, be held in varying locations throughout the Regions, and provide more detailed discussion and guidance on required compliance documentation.

- Lastly, there were a few comments requesting more consistency between Regions.

1. **MRO communications medium used to promote transparency in addition to Compliance Workshops:**

   In addition to the workshops conducted by MRO, the MRO compliance Web site and e-mail announcements were used. The primary audience for the workshop was the designated primary compliance contact person from each Registered Entity. MRO has direct contact information for these individuals.

2. **MRO planned communications initiatives for 2009 to improve transparency:**

   The MRO has scheduled two reliability workshops in 2009. In addition, the MRO may hold two additional workshops. The workshops need to provide a value to the Registered Entities. With that, the additional workshops are dependent upon the amount of new information that we need to communicate to the Registered Entities. In addition to presenting the 2009 CMEP details, the following items will be presented. The additional items include:

   a. Reliability Assessment Process - key issues;

   b. NERC Alerts;

   c. Status of MRO and NERC Reliability Standards;

   d. Demonstrating Compliance (case study of PRC-005);

   e. Enforcement & Mitigation Process;

   f. MRO Security Committee;

   g. CIP Program Perspectives;

   h. Registered Entity Forum Development Discussion; and

   i. Registered Entity Panel Discussion

   In addition, the MRO proposed and initiated the use of a compliance certification letter, which is included in the pre-audit packet. The letter communicates the importance of compliance and the responsibility of the Registered Entities with regard to reliability standards; the letter is sent to the Authorized Officer.

3. MRO changes from the 2007 program implemented in the 2008 Regional Compliance Program, including positive and negative changes:

The program documents used for implemeting the 2007 CMEP implementation were improved in 2008. This includes process documents that are used internally at the MRO and documents that are used by the Registrants. MRO enhanced its internal controls in 2008 for administering the CMEP. This includes an improved process for archiving and data retention, which is subject to be reviewed and audited by NERC and the applicable regulators. This is accomplished through the compliance information system and a restricted server used by MRO compliance and enforcement staff.

The most positive attribute pertaining to the changes described above was the upgrade to implementing the elements of the CMEP in a more professional manner (i.e., properly vetted and edited documents prior to use, improved training for auditors etc.).

4. MRO proposed changes for the 2009 compliance program:

The changes and objectives of the 2009 program:

- Promote the reliability of the bulk power system through rigorous compliance monitoring and enforcement activities;

- Facilitate uniformity of NERC compliance activities throughout the MRO footprint and between Regions; and

- Improve the compliance program by analyzing compliance-monitoring experiences across the MRO footprint and between Regions, and implementing necessary improvements.

In 2009, the MRO will complete an initiative to inventory the facilities within the MRO Region, which are cosidered part of the bulk power system. This initiative requested each owner to identify generator facilities and transmission elements that meet the NERC Statement of Compliance Registry Criteria, subject to applicable standards.

MRO follows the compliance monitoring methods as defined in the NERC 2009 Implementation Plan that utilizes a "risk-based approach" for audit and self-certification.

Per the NERC CIP Guidance document, the MRO will conduct a CIP self-certification in January and July 2009. Each Registrant with functions applicable to the NERC CIP Reliability Standards is expected to complete this self-certification through its compliance information system.

Utilization of the spot-check process as outlined in the NERC CMEP will be accelerated and expanded in 2009 as compared to previous program years. The MRO

will notify the Registered Entity that a spot check has been initiated and allow at least 20 days for the Entity to upload documentation and comments into the compliance information system.

The MRO will follow and implement the enforcement process steps as defined in the NERC CMEP. MRO has added several staff persons in the enforcement area.

The MRO believes education is the foundation for good compliance. As Registrants develop a stronger understanding of regulatory authority-approved NERC Reliability Standards and the CMEP, compliance and enforcement efforts become more effective for the industry. MRO will conduct reliability workshops to promote the development and implementation of comprehensive compliance programs and include discussions on addressing key concerns from Registrants. The idea of creating user groups, or forum groups, will be presented to the Registered Entities.

5. **MRO audit, review and spot check processes that have been followed to validate Registrant's self-certifications:**

The MRO may implement an audit, spot-check, or data submittal process for any reliability standard requirement in which a Registered Entity declared to be "compliant" through the self-certification process. The validation process requires the entity to submit evidence of compliance including program and procedure documents, proof of programs and/or procedures actually being implemented, and other associated types of evidence as deemed necessary for determining compliance with the specific reliability standard requirement in question. The evidence is archived in the MRO office. Depending upon the nature (or security concern) of the documentation to be reviewed, an onsite visit may be required. Pictures and other means are used to validate the completion of mitigation plans (i.e., removal of vegetation).

6. **MRO number of audits and audit types conducted in 2008:**

In 2008, the MRO conducted a total of 16 audits. There were six BA, TOP, RC-type audits, and ten "other function" (non BA, TOP, RC)-type audits. Two audits were resceduled in 2009 due to natural disasters (flooding).

7. **MRO changes to the validation process in 2008:**

The types of evidence needed to verify compliance was better understood due to the utilization of the "guidance" and / or "clarification"-type directives issued by FERC and NERC in its program. Information in the directives clarified the types of information to be reviewed for the validation process, or may have even indicated that the Regional Entities were going too far outside the intent of the standard. The auditors keep a copy of FERC Order 693 and other guidelines as a reference.

8. **MRO significant issues encountered in 2008 and actual or potential actions to remediate these issues:**

MRO has four concerns.

a. First and foremost, the consistent implementation of the CMEP across all of North America. MRO believes that only NERC, as the international ERO, has the authority to assure consistency in implementation. Regional Entities cannot compel one another to be consistent; Regions can only voluntarily agree. Although this has been successful, it provides no assurance to the industry that consistency in implementation will prevail across North America. NERC needs to design itself around centralized policy, procedures, and systems and design itself for decentralized implementation. By centralizing policy, procedures, and systems and creating a Regional Operations Group, NERC will achieve better consistency. There is no question that in any model for the ERO, field offices such as Regional Entities will be needed. Therefore, the real issue is how to deliver consistency with de-centralized implementation. This is a fairly common business question, which NERC and the Regional Entities should address in 2009. In addition, to reduce variables in implementation, NERC and the Regions may need to review the delegation agreements and the RoP to reduce implementation variables across each Regional Entity footprint and within NERC itself.

b. Second, MRO believes that many of the inconsistencies are the result of a lack of comprehensive, coordinated training programs. NERC needs to work with its field and the Regional Entities to design comprehensive and ongoing training and set training standards (CPE requirements). Although training has improved, a more formalized development process that identifies the needs of the Regional Entities should take place.

c. Third, NERC must re-engage itself with the working groups of the Regional Entities. Regional groups working without the participation of NERC may not meet the expectations of NERC. The result is a "trial and error" implementation causing poor efficiencies and less effectiveness.

d. Fourth, MRO is concerned with using enforcement decisions as the primary means to set standards interpretations. The formalized standards interpretation process is worthwhile, but takes time. MRO has no solution for this but hopefully, time will resolve the matter.

9. **MRO reported top strengths:**

Although MRO prefers objective criteria to measure NERC and the Region's performance, MRO's top 3 strengths as viewed by its staff are as follows:

a. The seasoned, experienced, and technically knowledgeable compliance and enforcement staff operating from a single location. This fosters significant consensus building on difficult compliance and enforcement matters; and improves the quality of the decisions made by MRO.

b. The next generation of compliance information system (this is the MRO's fourth version of a system that has continually improved over the last eight years) that is used by the MRO compliance and enforcement staff and by the Registered Entities. The tool allows compliance and enforcement staff the ability to track and monitor a significant amount of information. The next generation system was launched last year. In addition, the new generation system has automated five discovery methods which reduces administration while increasing responsiveness and accuracy. This system includes the reliability standards and requirement section, Entity Registration section, and Compliance Monitoring and Enforcement section. This system is now owned and operated by a qualified vendor familiar with the industry.

c. The responsiveness and ability to maintain and improve education of the Registered Entities in the MRO Region. The more educated the Registrants are, the higher the compliance achieved and the more effective enforcement will be as a tool.

10. MRO key areas for improvement:

a. NERC should re-assume the lead or, at least, the point of coordination of compliance and enforcement working group;

b. Maintain and improve the training and awareness initiatives with the Registrants; provide more opportunities for Webexes, Web Letters, etc.; and

c. Maintain and improve staff quality and the processes used to complete the overall implementation of the CMEP.

11. MRO key areas for improvement identified in 2007, and addressed in 2008:

Areas of concern identified by the MRO in 2008 were addressed. MRO concerns included the expansion of the program where a large number of reliability standards were to be reviewed during the audit. MRO strongly supports a risk-based approach to focus its resources on the most important matters related to bulk power system reliability. One additional concern was the lack of knowledge of many Registrants (those not in the voluntary regime) with regard to the CMEP processes. This concern was based upon the significant amount of work performed by the MRO Compliance staff in order to complete the annual self-certification process. However, due to

extensive outreach, MRO did not encounter the same type of problems during the 2008 self-certification. This was a good thing.

12. **MRO Recommendations for the NERC Compliance and Monitoring and Enforcement program:**

With regard to the development of the 2010 Implementation Plan, MRO believes NERC should stay the course related to scope and refine the risk-based approach. This continuation will allow Regional Entities and Registrants the opportunity to fine tune their program processes and procedures (please see MRO's comments stated above). Additionally, MRO encourages NERC to coordinate implementation of the CMEP with the budget process. Priorities and tasks identified in the 2010 implementation plan may directly impact the Regions' budgets, i.e., the 2009 priority on CIP spot-checks requires additional staff not necessarily considered in the 2009 budget process.

13. **MRO performance reporting issues experienced in 2008 and potential suggestions for improvement:**

NERC staff has dramatically improved the quality and accuracy of compliance and reporting information (i.e., violations). MRO has two suggestions:

   a. First, MRO suggests that NERC develop a comprehensive procedures and systems approach to managing information, system recommendation tracking, alerts, standards development using a tool suite format into a NERC Web tool site or portal (NERC.net) which is firewalled between tools with varying security levels depending on the tool (different users for different tools). MRO believes that NERC should use a managed system approach, centrally fund it, and push down the systems and procedures to the Field (see previous comments).   The systems should be in a secure environment subject to external audits. NERC should review and assess all tools used by Regional Entities for the implementation of the CMEP, and should consider comments and suggestions as recommended by Registered Entities. The MRO has received numerous positive comments pertaining to its compliance information management tool "CMDS", which is now owned and managed by OATI, who provides a managed solution for MRO and at least one other Region.

   b. Second, MRO suggests that NERC add resources to the review of pending confirmed violations to speed up the filing process.

14. **MRO disclosure issues encountered during 2008:**

To MRO's knowledge, there were no improper disclosures between NERC and MRO regarding any compliance or enforcement matters. MRO enhanced its background check procedure in support of the NERC Reliability Standard CIP-004, even though this standard is not applicable to the MRO. Background checks were performed for

all MRO personnel. MRO suggests that NERC develop a policy on citizenship requirements related to CIP and other sensitive information.

6.3   Northeast Power Coordinating Council

Summary of NPCC 2008 Compliance Workshops

NPCC held two workshops in 2008:

- The first workshop was held in May 2008 in Albany, NY with 120-plus Registered Entities attending this workshop. Most of the material was covered the first full year of mandatory compliance in the United States with the NERC standards. Also there was an extensive part of the workshop dedicated to the Cyber Security Standards, including an overall review of each standard, an industry panel discussing the CIP-002 methodology and some of the panel members discussing the implementation plans that they are pursuing to become compliant with the NERC CIP Standards. Overall, the feedback was positive; some of the feedback was to include more presentations like the CIP panel with stakeholder involvement.

- The second workshop was held in November 2008 in Mystic, CT with over 135 Registered Entities participating. This workshop included three separate panel discussions and a breakout session for the stakeholders. This breakout session was very well received. It was facilitated by stakeholders where the participants could openly talk about issues that they are having with compliance and implementation. This was so well received and included in the workshop was feedback that these stakeholder sessions will continue at the NPCC workshops in 2009. The NPCC Compliance staff also made presentations that included the elements of the NERC CMEP such as audits, enforcement, registration, self-certification and self-reporting. The panel discussions included: Registered Entities preparing for compliance audits; how to build a strong compliance program and a strong compliance culture; and the software tools that companies are using to implement their reviews and manage their compliance program. Overall, the feedback from this workshop was the most positive that NPCC has ever received.

1. **NPCC communications medium used to promote transparency in addition to Compliance Workshops:**

   NPCC continues to include communications through committee meetings, general membership meetings, face-to face meetings with Registered Entities, as well as providing documentation on the NPCC Compliance Web site. NPCC also developed a CMEP dashboard that is provided to the NPCC Board of Directors on a regular basis. This summary provides the Board members an overview of compliance program-related activities within NPCC.

2. NPCC planned communications initiatives for 2009 to improve transparency:

NPCC has received feedback on the NPCC Web site and has revised the Web site with further enhancements to be implemented throughout 2009. The enhanced Web site will include a robust compliance calendar, better Web pages for the program areas within NPCC compliance, a Web site for the compliance procedures as well as an interface with the Compliance Data Administration Application (CDAA). NPCC is also developing enhanced metrics and performance indicators for each of the NPCC CMEP program areas (i.e., Compliance Audits, Enforcement, Implementation and Process Development). These metrics will be posted on the NPCC Compliance Web site and discussed at NPCC Compliance Committee meetings.

3. NPCC changes from the 2007 program implemented in the 2008 Regional Compliance Program, including positive and negative changes:

A new registration survey was sent out to the Registered Entities to have them provide more detailed information to ensure accurate registration. This data was reviewed by NPCC compliance staff and confirmation letters will be sent out during 2009.

Revisions to the self-certification database (CDAA) were incorporated and rolled out to the Registered Entities in 2008. One of the big improvements to the CDAA was the use of electronic signatures for self-certifications.

NPCC Compliance also took an important initiative in 2008 to have the NPCC Compliance Committee conduct independent reviews of the NPCC Compliance Staff's implementation of the CMEP. In 2008, three assessments were conducted: the implementation of the Spot-Check Program, the implementation of the registration process, and the implementation of the onsite audit process. These assessment teams identified strengths and recommendations that NPCC staff adopt to enhance their processes. NPCC staff has created working items from these recommendations and are actively working to incorporate these modifications into the CMEP.

Regarding the Registration Survey, the overall feedback was positive from the Registered Entities. Providing the Regional Entities with more detailed data to assist in registration was received positively by the majority of the Registered Entities.

The feedback from Registered Entities, from the introduction of the electronic signature process has been very positive.

The NPCC program assessments conducted by the NPCC Compliance Committee have been very informative and the committee has provided valuable feedback to improve the NPCC compliance program.

4. **NPCC proposed changes for the 2009 compliance program:**

NPCC will conduct a thorough gap analysis of its existing CMEP processes and procedures against the NERC CMEP requirements, as defined by the recently developed Agreed Upon Procedures (AUPs) and the current RoP, to identify any necessary improvements/enhancements to the overall program.

NPCC also plans to develop a comprehensive set of new compliance metrics and performance indicators to help provide accurate and effective summaries of program results and identify areas for program improvements.

NPCC has restructered its Hearing Body and revised its voting rules regarding the Hearing Body to meet the requirements of FERC Order Docket No. RR06-1-016. The Hearing Body will now consist of five members of the Compliance Committee and will pass votes based on a simple majority.

NPCC will integrate the CIP Standards in the compliance program including the performance of compliance audits on applicable CIP Standards.

5. **NPCC audit, review and spot check processes that have been followed to validate registrant's self-certifications:**

NPCC utilizes a comprehensive Compliance Audit Program that is administered by a qualified and experienced manager and a team of auditors. Collectively those involved in the Compliance Audit Program have over 180 years of applicable industry experience.

The program incorporates a thorough pre-audit process that allows for the audit notices to go out to the audited entity at least 60 days in advance and includes a comprehensive package of material. In addition, the NPCC Compliance Program personnel have contact with the audited entity prior to the audit. This contact could take on the form of either conference calls or face-to-face meetings, all geared toward assuring that any questions that an audited entity may have related to the pre-audit material are raised and answered prior to the conduct of the audit. While the NPCC Compliance Audit Program uses both onsite and off-site audits as part of the program, the preparation for both types of these audits is identical.

The audit itself involves a detailed review of supplied material and follow-up questions or requests from the auditors, as needed to assure that proper eveidence of compliance to a specific requirement has been obtained, allowing the auditors to make a clear assessment of the Entity.

The Spot-Check Program, which is under the Compliance Audit Program, uses similar processes as the audit program but on a more limited scope. The combination of the Compliance Audit Program and the Spot-Check Program provide a high level of confidence that Registered Enitities are supplying sufficient evidenece to allow for

a fair assessment of their compliance/noncompliance to specific requirements. This combined program gives NPCC further assurance that all self-certifications can be effectively verified.

6. NPCC number of audits and audit types conducted in 2008:

NPCC conducted 50 Compliance Audits during the 2008 program. The types of audits included were: 25 Generator Owners; 21 Generator Operators; 17 Purchase-Selling Entities; 11 Distribution Providers; 10 Transmission Owners; 10 Load Serving Entities; 7 Transmission Operators; 5 Transmission Planners; 4 Transmission Service Providers; 2 Balancing Authorities; 2 Reliability Coordinators; 1 Planning Authority; and 1 Reserve Sharing Group.

7. NPCC changes to the validation process in 2008:

No changes to the validation process during 2008.

8. NPCC significant issues encountered in 2008 and actual or potential actions to remediate these issues:

One significant issue identified was the discovery of vegetation contacts that had occurred much ealier than when they were correctly reported in the quarterly vegatation contact report. This prompted NPCC to issue a Compliance Guidance Statement that required Registered Entities to report to NPCC within 48 hours of confirmation of reportable vegetation contacts. This reporting would allow for the timely investigation of these contacts and lead to the correction of potential relaibility risks to the system within a more appropriate timeframe.

9. NPCC reported top strengths:

- A strong Compliance Audit Program, including a comprehensive spot-check component;

- Thorough processes with emphasis on pre-audit preparation, use of well-qualified and experienced auditors and open and inclusive communication between audited entities and audit team; and

- A comprehensive Spot-Check Program verifies a significant percentage of Registered Entities' self-certifications and combined with Compliance Audits, provide a high level of confidence that Regiatered Entities are meeting their obligations regarding CMEP implementation.

A comprehensive Compliance Data Administration Application (CDAA) is utililized by both Registered Entities and NPCC Staff to maintain and analyze CMEP-related data. The application is constantly being enhanced to assure increased efficiencies and userability. Involvement in multi-Regional CUG efforts assures greater consistencies among the Regions and NERC.

A rigorous Registration Process including detailed registration survey and comprehensive outreach to Registered Entities through face-to-face meetings, stakeholder involvement in Compliance Workshops and telephone/e-mail contact assures that the most accurate Compliance Registry is available and that proper entities are registered for proper functions.

10. **NPCC key areas for improvement:**

    a. Enhancing program documentation to further assure that all processes, procedures and compliance data are gathered and maintained consistently with the most current requirements of the CMEP;

    b. Increase training programs for NPCC staff to assure that staff qualifications are maintained and to assure that Staff is prepared to address changes/enhancements to CMEP; and

    c. Improving the interface and interaction with NERC staff assuring all roles and responsibilities are clearly defined and conducted, consistent with the Regional Delegation Agreement, the NERC RoP, and the CMEP documentation.

11. **NPCC key areas for improvement identified in 2007, and addressed in 2008:**

    A new registration survey was sent out to the Registered Entities to have them provide more detailed information to ensure accurate registration. This data was reviewed by NPCC Compliance staff and confirmation letters will be sent out during 2009.

12. **NPCC Recommendations for the NERC Compliance and Monitoring and Enforcement program:**

    The process for the development of NERC bulletins needs to be more transparent between NERC and the Regions. Bulletins that introduce changes to processes or procedures that are not in the NERC RoP or the CMEP documentation need to be fully vetted by NERC and the Regions before they are implemented.

13. **NPCC performance reporting issues experienced in 2008 and potential suggestions for improvement:**

    The NERC Workbook contains valuable information that takes time and effort to compile. Requests made by NERC staff for data already supplied in the Workbook divert valuable Regional manpower resources. It is hopeful that as NERC migrates to its Guidance solution, information submitted by Regional Entities will be more efficiently disseminated to all appropriate personnel.

14. **NPCC disclosure issues encountered during 2008:**

    None reported.

6.4   Reliability*First* Corporation

Summary of RFC 2008 Compliance Workshops

Reliability*First* held four Seminar/Workshops in 2008. Three hundred and sixty plus Registered Entity representatives attended the four sessions. Feedback from all of the sessions was positive. Based upon the last sessions being more of a workshop format, Reliability*First* will continue with the workshop format in 2009. Feedback centered on the need for guidance in the interpretations to satisfy compliance to the standards. To address this need, Reliability*First* is sponsoring panel discussions for Registered Entities to share their lessons learned with guidance and support from the Reliability*First* Compliance Staff.

1. **RFC communications medium used to promote transparency in addition to Compliance Workshops:**

    Reliability*First* uses a number of methods to communicate and inform its membership of current and ongoing compliance-related activities. These methods range from a Monthly Newsletter, a Monthly Compliance Update letter, postings on both the Reliability*First* Corporate and Compliance Portal Web sites, to periodic reports on lessons learned from all compliance-related activities.

2. **RFC planned communications initiatives for 2009 to improve transparency:**

    Reliability*First* will continue to make use of its public home page on its Web site, its Compliance Portal home page, the Monthly Newsletter and Compliance Update letter as means to alert and educate our members on compliance issues. Reliability*First* will direct all compliance correspondence to the Registered Entities Compliance contacts. Reliability*First* is also developing the capability to facilitate monthly conference calls that would be an open forum for our Registered Entities to call in and voice concerns, ask questions, and be informed about upcoming compliance items. Reliability*First* is also deploying a Microsoft Office Share-Point Server (MOSS) Document Management System that will provide better in-house document management allowing our Registered Entities an easier process to upload data submittals, mitigation plan updates, etc.

3. **RFC changes from the 2007 program implemented in the 2008 Regional Compliance Program, including positive and negative changes:**

    Reliability*First* put into use a Compliance Portal Web page that provides our Registered Entities an electronic method of self-certifying compliance filings. This portal application provides the Region with immediate access to compliance self-certification and some data submittal information. The feedback has been positive.

4. **RFC proposed changes for the 2009 compliance program:**

    In 2009 Reliability*First* will be putting in place a Microsoft Office Share-point Server (MOSS) Document Management System. This system will enhance the document and record keeping for the Region and provide an efficient handling of all

compliance-related activities with the sharing of all documents and related information.

5. **RFC audit, review and spot check processes that have been followed to validate registrant's self-certifications:**

Audits are used to validate the self-certification submittals since the last audit. Reliability*First* will review outstanding mitigation activities of noncompliance which have yet to be closed. Reliability*First* will review past documentation to ensure updates and reviews are maintained as required by specific standards.

Outside of the audit process, Reliability*First* conducted a spot-check on Reliability Standard CIP-001 to verify previously submitted self-certifications.

6. **RFC number of audits and audit types conducted in 2008:**

Reliability*First* completed 12 onsite and 47 off-site audits in calendar year 2008. Of these compliance audits conducted by Reliability*First,* the following is a tabulation of the audited functions in 2008: 0 – RC; 2 – BA; 3 – TOP; 8 – TO; 3 – TP; 1 – RP; 0 – PA; 27 – DP; 17 – GO; 11 – GOP; 15 – LSE; 27 – PSE; and 0 – TSP.

7. **RFC changes to the validation process in 2008:**

Reliability*First* focused on ensuring the relevance, validity, and reliability of evidence presented by conducting comprehensive reviews and documenting all evidence as part of the audit process. Mitgation plans and settlement agreements will also be reviewed to ensure work is progressing or completed as indicated in submitted timeline documents to Reliability*First*.

8. **RFC significant issues encountered in 2008 and actual or potential actions to remediate these issues:**

No significant problems were encountered with any of our Registered Entities. There is a concern; however, over the expectations of FERC and their interpretion of the standards.

9. **RFC reported top strengths:**

Communication – Reliability*First* uses a number of ways to reach out to Registered Entities regarding the exchange of information related to reporting compliance, preparing mitigation plans, submitting data, and updating the status of compliance activities. Examples of these various methods include a monthly newsletter and communication by e-mail to the compliance contacts, a compliance update letter outlining upcoming events or filings due the current and following month. Additionally, each Registered Entity has been assigned a Reliability*First* Compliance staff member as a primary contact to address their concerns in compliance-related questions and build a relationship with those directly responsible for implementing their Compliance Programs.

Independence – Reliability*First* uses only Compliance staff members as participants in onsite compliance audits. The Reliability*First* Board Compliance Committee, which serves as the hearing body during Regional hearing proceedings, is comprised of a majority of independent (non-stakeholder) members. Reliability*First* believes these two attributes of the Compliance Program provide for an independent environment for action and decision-making.

Diligence – Reliability*First* places an emphasis on root cause determination during violation identification and determination and on the corresponding corrective action described in the associated mitigation plans.

10. RFC key areas for improvement:

Common Form for Use across the Regions:

Reliability*First* and all the Regional Entities are in the process of creating common forms (i.e., Notice of Alleged Violation and Penalty or Sanction, Notice of Confirmed Violation, Mitigation Plan Submittal, etc.) that all the Regions will use for reporting violations. Having common forms will allow Registered Entities that do business in multiple Regions see a more consistent method of reporting compliance data.

Documentation and Process Sheets are being revisited and in some cases developed for all compliance-related activities. Moving forward, the documents and process sheets will be a driver for a continuous internal improvement process. They will also be used as orientation material for new Compliance staff and reference for seasoned Compliance staff. Updates will be made as needed to remain current and consistent with the CMEP.

Internal Training for Compliance Staff:

As the Compliance Program matures during 2009, some of the compliance activities will be new, and existing activities will be refined. With the Compliance staff growing, the key to establishing a common knowledge base is to share the experiences and knowledge gained from these activities amongst ourselves. Training sessions are expected to be held throughout the year to keep the Compliance staff informed of the ever-changing compliance environment.

11. RFC key areas for improvement identified in 2007, and addressed in 2008:

The areas of improvement focused on three items:

    a. Training the Compliance staff,

    b. Enhancing communication to our Registered Entities, and

    c. Developing a set of documents/process sheets for all the activities listed in the CMEP.

Reliability*First* will continue to educate and train its auditors on different aspects of an audit and, as time permits, attend compliance-related training activities provided by NERC. Reliability*First* also plans to continue to reach out and expand

communications to our Registered Entities by adding a home page to the portal Web site that is also used to alert and inform our members on compliance-related issues. Reliability*First* has performed a complete review of all the documents/process sheets that are used as guides to staff as they perform various functions listed in the CMEP.

12. RFC Recommendations for the NERC Compliance and Monitoring and Enforcement program:

An effective, efficient, and consistent Compliance Program absolutely requires that data and documents are managed in an accurate and timely manner and made readily available to Reliability*First* Compliance staff, NERC, and FERC in the execution of their respective duties. The amount, type, breadth, and scope of the data and documents being generated in the mandatory NERC Reliability Standard world are outpacing the capabilities of the current information management system. It is essential that a data and document management system be put in place that provides these capabilities and provides for the error-free sharing of crucial information between the Regions, NERC, and FERC.

13. RFC performance reporting issues experienced in 2008 and potential suggestions for improvement:

The process for performance reporting of periodic data submittals such as CPS and DCS results and quarterly vegetation-related outage reporting is a manual process. Reliability*First* sends a formal request via e-mail for this type of data, and collects the information via e-mail. The information is manually tabulated, and the results are sent to NERC.   This manual process increases the chances of an error being made. Reliability*First* is planning on having this type of information submitted/uploaded using a compliance reporting application within the compliance portal.

14. RFC disclosure issues encountered during 2008:

Reliability*First* has effectively communicated to Registered Entities the need for disclosure of information necessary to assess compliance and the duty of confidentiality to which Reliability*First* adheres. Registered Entities continue to express their concern regarding information that may be disclosed in regards to compliance monitoring for cyber security and critical infrastructure protection standards. Additional areas of concern include vendor propriety information and data retention of security policies. These issues become evident during the review of restricted or sensitive materials during compliance audits and the request of documentation for spot-checks.

6.5   SERC Reliability Corporation

Summary of SERC 2008 Compliance Workshops

SERC conducted three compliance seminars in 2008. Each seminar lasted about 1.5 days and had 100–125 attendees. The focus was on a description of CMEP processes highlighting key reliability standards, and sharing lessons learned. The average feedback was > 4.0 on a scale of 1

to 5 (5 = excellent). A fourth workshop specific to self-reports and mitigation plans was added late in the year with favorable results.

1. **SERC Communications Medium used to promote transparency in addition to Compliance Workshops:**

   SERC developed a lessons learned document that was posted on the public Web site. This document contains program statistics (frequency of violations per selected standards) and a narrative describing the type of violations encountered. SERC also conducted an "Open Forum" process (mini-seminar conducted by WebEx) to communicate current events and key messages. Also, compliance-implemented procedures are posted publicly. When new procedures are developed or major revisions are made, comments are solicited from Registered Entities.

2. **SERC Planned Communications initiatives for 2009 to improve transparency:**

   SERC added a fourth pre-planned seminar, continued Open Forums (quarterly), and continued to evolve lessons learned documents.

3. **SERC changes from the 2007 program implemented in the 2008 Regional Compliance Program, including positive and negative changes:**

   An access database was developed to facilitate tracking of compliance actions. This database served as the starting point for a Web-based tracking system under development through a collaboration of six Regions. SERC also piloted spot-checks of four Entities for 13 CIP requirements each. These spot-checks enabled us to validate processes to control sensitive CIP-related data.

   These actions achieved significant positive results in terms of effectiveness in tracking and efficiency of compliance actions.

4. **SERC proposed changes for the 2009 compliance program:**

   - Transition to Web-based tracking system; and

   - Continue to leverage several organizational/topical compliance working groups to continue to promote inter-Regional consistency and efficiency as well as continued work on short form settlement and "traffic ticket" concepts to promote efficiency.

5. **SERC audit, review and spot check processes that have been followed to validate registrant's self-certifications:**

   SERC deploys a strong onsite audit program. Approximately 50 Registered Entities received compliance audits during 2008. SERC also performed spot-checks of a subset of Registered Entities to validate self-certifications. These spot-checks were focused on some of the more important/higher frequency violation standards such as PRC-005, FAC-003, FAC-008, and FAC-009. During 2009, the spot-check program

will be further evolved to explore emerging compliance trends as well as validate self-certifications.

6. SERC number of audits and audit types conducted in 2008:

Fifty-nine total audits were conducted. They included: 1 Reliability Coordinator, 11 Balancing Authority, and 12 Transmission Operator compliance audits were conducted; 2 Reliability Coordinator, 11 Balancing Authority, and 12 Transmission Operator compliance audits were planned. In addition, we conducted 23 GO/GOP audits, 6 other audits (a mixture of various functions) and 6 joint off-site audits with other Regions of the PSE function. Five audits were deferred, three due to ongoing investigations and two related to registration changes.

7. SERC changes to the validation process in 2008:

SERC focused on ensuring the relevance, validity, and reliability of evidence presented by conducting comprehensive reviews and documenting all evidence as part of the audit process.

8. SERC significant issues encountered in 2008 and actual or potential actions to remediate these issues:

SERC has no significant problems to report. However, there were some challenges regarding simultaneous staffing up, evolving and finalizing processes, and production of work. SERC continuously strives to improve the organization.

9. SERC reported top strengths:

Teamwork

SERC compliance has continued to improve performance executing its delegated compliance responsibilities by demonstrating a high degree of teamwork. Each staff member has detailed areas of accountability. However, several forums have been created to best leverage group input and support to achieve high quality outputs.

Processing of Enforcement Actions (Settlements and NOPs)

SERC was a pioneer in the development and use of settlement agreements and the template used by NERC and the other Regions. SERC has actively promoted settlement agreements as a preferred resolution to enforcement actions. To date, seven SERC settlements have been approved by FERC. Seven additional settlements have been NERC-approved and await filing with FERC. Also, through diligent effort, SERC was able to produce approximately 70 percent of all the Notice of Penalties submitted in the initial filing with FERC in June 2008. SERC staff worked closely with NERC to understand and meet both NERC and FERC expectations.

SERC has an aggressive compliance audit program. Onsite compliance audits were accomplished for approximately 50 Registered Entities. SERC developed a structured work management process to ensure proper notifications are made well in

advance of CMEP required targets. SERC also pioneered development and conduct of spot-checks for CIP standards that require specific controls for evidence handling and retention.

10. SERC key areas for improvement:

Key areas for improvement include: improve advance review of audit materials; conduct operator interviews; systematic evaluation of Entity compliance program/culture; improved cycle time on enforcement actions; implement Web-based tracking; and continue to involve self-improvement/continuous learning activities.

11. SERC key areas for improvement identified in 2007, and addressed in 2008:

Staffing was identified in 2007. SERC has added talented, knowledgeable staff, and developed teamwork processes and procedures

12. SERC recommendations for the NERC Compliance and Monitoring and Enforcement program:

- More collaboration between NERC and the Regions;

- Involve Regions in pre-filing conferences with FERC; and

- Allow for Regional input prior to issuing directives or advisories.

13. SERC performance reporting issues experienced in 2008 and potential suggestions for improvement:

The Excel spreadsheet workbook for violation reporting is laborious and error-prone. Continued work to implement a new Web-based tracking system for both NERC and the Regions will be of significant benefit. Specifics include:

- Reliability impacts recorded only once and early on in the process. The data carried forward does not reflect the final determined impact.

- Challenges in dealing with assigned VRF and VSL values that don't fit the fact circumstances (i.e., PRC-005 R2 carries a Lower VRF while the sub-requirements carry a High VRF).

- Violation tracking is done on a requirement basis, not sub requirement (in other words, there should not be two violations of R2.1 and R2.2 if an entity has an execution issue with its maintenance and testing program intervals).

- VRFs are auto-assigned when the standard and violation is selected for reporting. There needs to be an override for the VRF for those few standards that have a different VRF at the requirement level versus the sub-requirement level.

- The violation description that is entered at the preliminary stage stays with

the record through the life of the enforcement action and the scope and nature of the violation may change as more information is gathered.

The bottom line is that the information in the database gathered from the Regions reported to NERC via the workbook is likely to be different from the final determination after the Regions have completed their assessments.

14. SERC disclosure issues encountered during 2008:

None however, the question of how reporting and disclosure of possible alleged and confirmed or settled violations of NERC Reliability Standards CIP-002 through CIP-009 has not yet been addressed.

6.6   Southwest Power Pool

Summary of SPP 2008 Compliance Workshops

SPP RE conducted two general Compliance Workshops and one CIP Workshop in 2008. The average attendance of the general workshops was 130 participants and the CIP workshop was 70. The overall feedback from the participants has remained positive.

1.   **SPP communications medium used to promote transparency in addition to Compliance Workshops:**

     SPP RE utilizes a public Web site for postings, general mailings for announcements and notices and public speaking platforms to improve the transparency of the CMEP and the Regional Entity.

2.   **SPP planned communications initiatives for 2009 to improve transparency:**

     SPP RE plans to initiate a quarterly newsletter for the Registered Entities beginning in the second quarter of 2009. In addition, the SPP RE is providing support to the SPP RTO in launching quarterly compliance forums for targeted groups of Registered Entities in order to share experiences and best practices.

3.   **SPP changes from the 2007 program implemented in the 2008 Regional Compliance Program, including positive and negative changes:**

     SPP RE had traditionally only collected and stored evidence related to noncompliance findings during audits. SPP RE changed its evidence collection procedures to conform to the consensus agreement that all of the Regional Entities would collect and store all evidence from each audit in order to facilitate the oversight function performed by NERC. This process has been implemented with no known issues.

4.   **SPP proposed changes for the 2009 compliance program:**

     The major change for the 2009 CMEP is the addition of mandatory spot-check requirement for the CIP standards [effective July 1, 2009] and the other reliability standards mandated in the 2009 NERC program. In addition, the SPP RE is adding a

1-2 day pre-audit review period for scheduled onsite audits in an effort to improve the effectiveness of the audit team while onsite.

5. **SPP audit, review and spot check processes that have been followed to validate registrant's self-certifications:**

    The SPP RE conducts its onsite audits using document review, sampling activities, interviews, performance demonstrations and site visits for all of the registered functions of the subject entity. The audits are comprehensive with all applicable monitored standards not checked by the SPP RE through some other means, individually reviewed and reported plus any recent or open mitigation plans.

    Off-site audits are generally conducted from the SPP RE Little Rock office using a WebEx link to the subject entity.

    In lieu of traditional spot-check procedures, the SPP RE performs analysis on submitted CPS and DCS data. In particular, a shared staff member collects individual entity data for all DCS events and performs the DCS analysis, which is reported to the SPP Reserve Sharing Group (RSG) along with its compliance rating rather than the RSG performing the analysis and self-certifying the results. In addition, the SPP RE staff actively monitors the model building and transmission planning activites of the SPP RTO and its members throughout the annual planning cycle. The SPP RTO publishes a System Transmission Expansion Plan (STEP) annually that includes the results of the NERC Reliability Standards analysis of TPL-001 to -004 plus other projects as deemed appropriate by the SPP Board of Directors. All approved projects are then supported by Notices to Construct issued to the project sponsor. The participating registered transmission planners are given credit for a successful publication of the STEP. TPs that fail to participate or complete the required underlying activites are not given credit for the standards and are required to produce the transmission planning studies individually.

    The SPP RE also requires that every appropriate entity respond to a quarterly survey that requests information on all requirements that are considered an 'exception reporting' requirement. The entities must affirm that they did not have any of the triggers for the requirement or if they did, that they followed the appropriate reporting or action steps.

6. **SPP number of audits and audit types conducted in 2008:**

	Planned	Performed
Reliability Coordinator [NERC Led]	1	0
Balancing Authority	6	4
Transmission Operator	6	5
Other on-site audits	2	2
Off-site audits	11	11

The NERC-led RC audit was deferred to 2009 by NERC. Two SPP RE led audits [one BA and one BA/TOP] were deferred to January 2009 due to Hurricane Gustav.

7. SPP changes to the validation process in 2008:

None.

8. SPP significant issues encountered in 2008 and actual or potential actions to remediate these issues:

SPP RE continued to struggle to complete the compliance violation cycle in a timely manner. In response, the SPP RE doubled its dedicated staff during 2008 and continues to make personnel adjustments in order to improve perfromance in this area.

9. SPP reported top strengths:

Outreach efforts to the Registered Entities include both scheduled workshops and making staff available to individual Registered Entities and working groups as necessary

Breadth of expertise and experience including NERC Certified Operators, Registered Professional Engineers, licensed Attorneys, and IT experts.

Maturity of the internet-based Compliance Data Management System (CDMS) which allows for data from the Registered Entities to the SPP RE to be collected, reviewed and stored in a single database.

10. SPP key areas for improvement:

SPP RE continues to add dedicated staff and adjust its priorities to improve its timeliness of violation processing, audit report processing and publication, and improve its ability to respond to events analysis requirements.

11. SPP key areas for improvement identified in 2007, and addressed in 2008:

SPP RE added the User Compliance Forums discussed in last year's Regional report. In addition, the SPP Criteria that identifies triggering events for Disturbance Reporting and Event Analysis was updated and re-published to all Registered Entities during 2008. The only item identified in the last Regional report that was not achieved was the launch of a Regional Entity newsletter which was deferred to 2009 due to manpower shortages.

12. SPP Recommendations for the NERC Compliance and Monitoring and Enforcement program:

SPP RE adds commentary to recommendations and requests from the Regional Entity working groups during the year and does not have any specific comments for this

report.

13. **SPP performance reporting issues experienced in 2008 and potential suggestions for improvement:**

    SPP RE finds the data interchange techniques between the Regional Entities and NERC to be cumbersome and time consuming and looks forward to the introduction of a more user friendly interface in 2009.

14. **SPP disclosure issues encountered during 2008:**

    None.

6.7   Texas Regional Entity

Summary of TRE 2008 Compliance Workshops

TRE conducted two general compliance workshops, each with over 100 participants and fully subscribed. A CIP workshop was also conducted. Feedback was mostly very favorable; we believe that panel discussions of Registered Entities were considered especially valuable. TRE plans to continue in the same vein. As we gain more information on enforcement results and lessons learned here and in other Regions, we will attempt to emphasize that more fully. The overall feedback from the participants has remained positive.

1. **TRE Communications Medium used to promote transparency in addition to Compliance Workshops:**

    TRE produced newsletters, maintained a Web page and regularly attended key stakeholder meetings in the ERCOT Region. In 2008, TRE personnel participated in industry-sponsored seminars and panels sponsored by the National Rural Electric Cooperative Association, Gulf Coast Power Association, and the Wind Coalition to provide as much information to the industry as possible as well as to receive feedback. TRE also used broadcast e-mails to a limited degree to reach compliance contacts on matters of importance.

2. **TRE Planned Communications initiatives for 2009 to improve transparency:**

    At present, we will continue with newsletters and three workshops as well as participate in stakeholder meetings. TRE will provide speakers on general compliance issues and CIP at the 25th Annual ERCOT Operations Training Seminar, which reaches many of the personnel who conduct 24-hour grid operations. Lastly, TRE is overhauling its Web site, which should also prove helpful in this area.

3. **TRE changes from the 2007 program implemented in the 2008 Regional Compliance Program, including positive and negative changes:**

    Our 2008 audits were conducted using a procedure developed during the fall of 2007 and incorporating many changes based on our review of 2007 results and feedback from NERC during the beginning of the program. The audit team collectively

developed and carried out the procedure, which we believe improved our consistency and thoroughness significantly. These changes aligned the audit with the steps in the CMEP, defined our documentation more rigidly, adopted the NERC reporting format and separated non-statutory activities. The resulting format, procedural and documentation changes associated with 2008 audits have also given TRE favorable reviews from NERC and FERC observers, and the approach enabled us to more readily integrate new audit staff during 2008. TRE and the other Regions also learned that completion of the enforcement process would require significant additional effort to produce acceptable documentation; we made adjustments throughout the year as we learned more from NERC and FERC. Our commitment to workshops increased, as we held our first CIP workshop and conducted both compliance workshops fully under TRE's efforts. The newsletter additions were also added in 2008. Our approach to spot-checks changed — all but one was conducted based on review of system events. We fully integrated the ERCOT ISO into the self-certification process in 2008; in previous years, ERCOT ISO data had been collected directly by TRE staff without requiring self-certification by the ERCOT ISO's management. We also worked with NERC staff on the ERCOT ISO audit as well, with NERC taking a larger role than in the 2007 audit. Both these steps helped to further establish the functional separation of TRE from the ERCOT ISO. Another big step for us was to prepare for use of a compliance Web portal in 2009; our registration data was moved late in the year.

The transition of audit efforts described earlier was difficult, as TRE tripled the number of audits but it was necessary and overall a tremendous positive. The procedural efforts helped us stay on schedule with only minor issues despite significant personnel changes and subsequent hiring of new staff who lacked extensive experience with this work. The difficulties in moving material through enforcement resulted in considerable rework and consumed an unexpected amount of time, although again it was necessary to establish the expectations needed to support the process. The communication efforts were positive improvements to TRE's reputation. The portal was long desired and provides significant improvement in maintaining registration, a benefit to our Registered Entities.

4. **TRE proposed changes for the 2009 compliance program:**

TRE started use of a portal for CIP self-certifications in January 2009 and will use it for upcoming self-certifications. We will implement certain changes specified in the NERC 2009 Implementation Plan involving spot-checks and data submittals. Efforts to improve audit documentation and quality control, as well as more formal auditor training, are also underway. TRE will also be working with NERC on handling and coordination of the compliance matters involving the ERCOT ISO.

5. **TRE audit, review and spot check processes that have been followed to validate registrant's self-certifications:**

   Auditing continues to be the basis for establishing whether evidence is present and examining the extent to which documents are truly part of a company's practices and performance. TRE staff has worked diligently to incorporate NERC's training, especially the material provided on gathering evidence. Incorporation of the practices in the RSAWs provides a baseline to assure consistent depth of review. The same is true with spot-checks, which TRE basically conducts as a miniature audit using the RSAWs as a primary guide. TRE staff has improved their depth of review within the scope defined in the RSAWs and incorporate the lessons from the past audits to drive for consistency

6. **TRE number of audits and audit types conducted in 2008:**

   TRE conducted 40 audits focused on the NERC Reliability Standards in 2008. The ERCOT Region has a single BA, RC and TOP, which was audited by TRE and NERC jointly with NERC assigned the role of audit leader. TRE conducted 39 additional compliance audits involving the following NERC registrations: 6 Generator Operators; 16 Generator Owners; 3 Generator Operator/Generator Owners; 2 Generator Owner/Transmission Owners; 1 Generator Operator/Generator Owner/Transmission Owner; 3 Transmission Owner/Transmission Planners; 6 Transmission Owner/Transmission Planner/Distribution Providers; 1 Purchasing Selling Entity; and, 1 Distribution Provider. Thirteen of these audits were conducted onsite at the Registered Entity's facility (including the ERCOT ISO at their Taylor facility); 27 were conducted off-site at the TRE office.

7. **TRE changes to the validation process in 2008:**

   At year-end, TRE established a separate enforcement group to provide more independent validation (as well as handle ongoing enforcement work after audits) once we reached sufficient staff levels

8. **TRE significant issues encountered in 2008 and actual or potential actions to remediate these issues:**

   Staff turnover during the first half of the year and difficulty in hiring were handled by emphasizing audit efforts and delaying enforcement and investigatory work. TRE has made efforts to get ahead on hiring additional staff in 2009 and to obtain some contractor support for contingency.

9. **TRE reported top strengths:**

   Our procedural efforts with audits in particular have been cited by NERC and FERC staff as a strength. Second, TRE has a diverse staff that includes personnel with extensive experience in quality audits for manufacturing, as well as team members

with varied power industry experience, backed by strong legal support and results-oriented top management. Our access to system data from the ERCOT ISO also provides some advantage in terms of the visibility it affords TRE staff in conditions, practices and events.

10. TRE key areas for improvement:

TRE will aim to increase appropriate application of automation and technology. Our use of the portal will be expanded and will reap benefits for all in 2009 and the years ahead. Similarly TRE will gradually deploy better solutions for document management and Web pages. On the personnel side, we seek to work more closely with the other Regions to build consistency in our application of the CMEP, through meetings and sharing of information. We hope to realize benefits from our re-organization in late 2008 to move enforcement and investigation work ahead with dedicated staff and to address long-standing registration issues, while still achieving success with our audit and assessment program.

11. TRE key areas for improvement identified in 2007, and addressed in 2008:

TRE took steps to address the items mentioned in last year's report. First, our audits and other assessments were made more consistent and formal per the procedural efforts described above. Staff knowledge of standards improved primarily again by adhering closely to the RSAWs, working in pairs to share and test knowledge and participating with NERC and the Regions in working groups. TRE efforts to communicate requirements to Registered Entities improved per the workshops, Web page and newsletters. We cited the underlying factor of staffing levels. TRE increased staff significantly during the year in both compliance and support functions to help make this possible.

12. TRE Recommendations for the NERC Compliance and Monitoring and Enforcement program:

NERC and the Regions should address issues with system event analysis and CVIs, work that is already underway to help clarify how these related efforts will be handled to all parties involved. Our experience in TRE and that of other Regions leaves much to be improved, 2008 was a year of introduction to the complexities of this work. Also, the addition of the CIP standards into our audit programs has raised concerns about future staffing needs and process changes; the Regions and NERC need to leverage what has been learned from spot-checks and self-certifications and be prepared to modify the program if needed. There is a problem in that budgeting is occurring well in advance of NERC and Regional Implementation Plan development; while it is difficult given the uncertainties in program development, efforts should be made to move the Implementation Plan forward.

13. TRE performance reporting issues experienced in 2008 and potential suggestions for improvement:

TRE along with the other Regions felt that the spreadsheet-based reporting process was limiting and cumbersome; we are highly encouraged by NERC's efforts to replace it in 2009. TRE also would like to better understand where enforcement matters stand in NERC's review process and how we can better work together to improve throughput all the way to completion of enforcement steps. More feedback to the Regions, especially the reporting and enforcement staff, may help.

14. TRE disclosure issues encountered during 2008:

None.

6.8   Western Electric Coordinating Council

Summary of WECC 2008 Compliance Workshops

250 participants, Reno, NV— April 2008
175 participants, Portland, OR—June 2008
250 participants, Salt Lake City, Utah—December 2008

In addition, WECC hosted numerous Critical Infrastructure Protection User Group meetings and Web portal Training meetings. WECC also held nine "Open Mic" conference calls during 2008 to address compliance education. WECC received extremely positive informal feedback for its outreach to the membership.

1. WECC Communications Medium used to promote transparency in addition to Compliance Workshops:

WECC offered daily question and answer sessions via the telephone and through e-mail correspondence with the Director of Stakeholder Relations and Compliance Outreach. Through this new position, Registered Entities were able to obtain timely and accurate responses to their questions, concerns and issues. This new process has been very successful based on Registered Entity's feedback, which has been extremely positive.

2. WECC Planned Communications initiatives for 2009 to improve transparency:

- Quarterly Compliance User Group (CUG) Meetings;

- Monthly Critical Infrastructure User Group (CIPUG) Meetings;

- Monthly "Open Mic" calls;

- Compliancequestions@wecc.biz; and

- Daily accessibility to Director of Stakeholder Relations and Compliance Outreach.

3. WECC changes from the 2007 program implemented in the 2008 Regional Compliance Program, including positive and negative changes:

In 2007, WECC gave Registered Entities the option to be audited for certain registered functions according to the quarterly schedule established by WECC. This meant that Registered Entities could potentially be subject to multiple audits throughout the year covering different functions during each quarter. In 2008, WECC decided to eliminate this option and require Registered Entities to be audited once per year for all applicable registered functions.

In 2007, WECC scheduled compliance audits within a three-month window of a Registered Entity's NERC Readiness Evaluation. This became a challenge for the year 2008 because NERC required WECC to draft and submit its Implementation Plans by November 2007. This meant that WECC had to schedule its 2008 compliance audits and submit that schedule to NERC prior to NERC posting its Readiness Evaluation schedule. NERC has halted its Readiness Evaluation program so these scheduling issues are no longer a concern.

In October 2008, WECC implemented a Web-portal interface for the Registered Entities to provide them with an online, secure system to submit compliance data, filings, mitigation plans, or any other types of documents. In addition to the Web portal, the WECC Compliance Department developed a new Web site: http://compliance.wecc.biz. The new Web site provides users with access to expanded content focused solely on the processes and implementation of the WECC Compliance Monitoring Enforcement Program.

All the changes that WECC listed helped streamline WECC's processes. WECC did not have any negative experiences associated with the changes.

In 2007, it was difficult for WECC to track and record multiple audits for the same Registered Entities covering disparate functions during different quarters of the year. To eliminate this arduous task and work around the limits of technology, WECC implemented the once-per-year audit schedule. This has improved WECC's processes and record keeping.

After a number of Registered Entities experienced a compliance audit and a NERC Readiness Evaluation within a three-month window, several of them expressed concerns about conducting both evaluations in such a short time frame. Registered Entities began to realize how much time went into preparation for the audit and Readiness Evaluation, and they started to ask WECC to schedule their compliance audits in a year opposite to their NERC Readiness Evaluations. These scheduling issues are no longer a concern because NERC halted the Readiness Evaluation program in 2008.

WECC has received a tremendous amount of positive feedback regarding its implementation of the Web portal and Web site. The Web portal eliminated several manual process steps for both the Registered Entities and WECC.

4. WECC proposed changes for the 2009 compliance program:

In 2008, WECC gave Registered Entities the option to submit their self-certifications according to their registered functions and the quarterly schedule established by WECC. This meant that Registered Entities could submit multiple self-certifications throughout the year covering different functions in each of their quarterly submittals. In 2008, WECC decided to eliminate this option and require Registered Entities to submit their self-certifications once per year beginning in 2009 for all applicable functions.

One of the biggest changes that WECC is implementing in 2009 is the Compliance Issues Tracking System (CITS). This application was developed by six of the eight Regions in an effort to promote consistency and national uniformity. The CITS program will provide a Web interface for Registered Entities that will allow them to submit, track and query their submittals for status checks and tracking purposes. This application will also provide staff with a much more effective tool to track, analyze, process and report data and to gather statistics related to violations.

As the WECC Compliance Department continued to develop and undertake its CMEP duties, it became evident to WECC that it needed more regulatory and legal resources to support its enforcement functions. WECC hired a new Vice President of Compliance, Director of Compliance, Manager of Enforcement, and Compliance Legal Counsel. Going forward, cross functional teams at WECC will work to assure the consistency of information and record keeping from the audit report to notices and settlement documents.

5. WECC audit, review and spot check processes that have been followed to validate registrant's self-certifications:

WECC conducted 201 spot-check audits in 2008 to validate responses on self-certification forms. Each Registered Entity selected for a Spot-Check audit received a notification that specified the standards and /or requirements subject to the spot-check, the time period associated with the Spot-Check, and the due date for submission of information and documents to WECC. If a Registered Entity failed to comply with the due date, WECC contacted the Registered Entity and ensured that it responded to WECC's requests. Once WECC received information from a Registered Entity, a Senior Compliance Engineer, or WECC Compliance Consultant evaluated the Registered Entity's compliance with the standard and/or requirement by using an RSAW. The WECC Senior Compliance Engineer or WECC Compliance Consultant documented any finding of a violation and reported it to the WECC Compliance Department for processing.

6. WECC number of audits and audit types conducted in 2008:

WECC conducted compliance audits as follows: 14 Balancing Authorities, 16 Transmission Operators, 17 Transmission Owners, 33 Generation Operators, 35 Generation Owners, 40 Distribution Providers, 32 Load Serving Entities, 13 Transmission Service Providers, 32 Purchase Selling Entities, 14 Planning Authorities, 15 Transmission Planners and 15 Resource Planners. These audits included both onsite and off-site scheduled audits. This is in addition to the 201 spot-check audits discussed in question number eight.

There were only two onsite audits that WECC scheduled but did not complete in 2008. WECC rescheduled these two final 2008 audits for 2009. WECC rescheduled these two audits so that it could focus its resources on processing existing alleged violations.

7. WECC changes to the validation process in 2008:

None. The processes used by WECC auditors for validation of compliance did not change in 2008.

8. WECC significant issues encountered in 2008 and actual or potential actions to remediate these issues:

Keeping pace with the processing of potential violations continued to challenge the WECC Enforcement Department. NERC reviewed and fine-tuned its processes and requirements frequently and sometimes required WECC to rework finished documents. However, with the addition of new staff and several productive conversations with NERC staff via the telephone and in person, WECC believes it has a better understanding of the information desired by NERC.

9. WECC reported top strengths:

WECC's Compliance Department has highly qualified and experienced staff, excellent support from its Board of Directors and a highly regarded stakeholder outreach program.

10. WECC key areas for improvement:

Timeliness of processing violations continues to be a challenge for WECC, but it is much improved through cross-training and mentoring of less experienced staff and through expanded training opportunities for staff and Registered Entities. WECC expects 2009 to reflect many improvements in its program brought about, at least in part by the additions of new staff as previously described.

11. WECC key areas for improvement identified in 2007, and addressed in 2008:

WECC provided the following list of areas for improvement in its 2007 report:

a. **Staffing**

WECC has hired a myriad of new compliance and enforcement staff in the first quarter of 2009. WECC understands that every Region struggled with understanding what their staffing needs would be for 2007 and 2008.

b. **Automation in the processing of data and data transfer to NERC**

The Regions and NERC were unable to address this issue in 2008, but are on track to address it by July 2009.

c. **Development of a new Web site and implementation of a web portal**
WECC completed these improvements in October 2008.

12. **WECC Recommendations for the NERC Compliance and Monitoring and Enforcement program:**

- Improve NERC involvement and participation with the Regional compliance working groups;

- Improve communications between NERC and the Regional Entity compliance;

- Solicit staff's input regarding policy decisions impacting the implementation of the CMEP and evidentiary filings to NERC and FERC;

- Develop a formal communication process between Compliance and Standards departments in order to provide compliance feedback regarding the standards development process; and

- Strive to reach steady state on guidance so that re-works are not required on documents that are finished or in process based on updated directions.

13. **WECC performance reporting issues experienced in 2008 and potential suggestions for improvement:**

None

14. **WECC disclosure issues encountered during 2008:**

None

7. Lessons Learned

Based on NERC staff's experience in the past year and the feedback they have received, it is apparent that a significant area for improvement is in the coordination between NERC staff and the Regions in the implementation of compliance activities. In the course of the second half of 2009, NERC and the Regional Entities will focus on revising the delegation agreements, which are due for renewal in May 2010, to more clearly define roles and responsibilities and to build in clear mechanisms for coordination and resolution of disputes between NERC and the Regions.

In the meantime, NERC staff is undertaking a number of efforts to facilitate better coordination throughout the compliance program:

- In February 2009, NERC hired a Director of Regional Operations reporting to NERC's Vice President and Director of Compliance. It will be that director's primary role to work with other groups in Compliance to facilitate better coordination between NERC and the Regional Entities.

- The Director of Regional Operations has established a weekly conference call with the managers and top Compliance personnel of each Regional Entity specifically to discuss important compliance implementation and policy issues that are of interest to NERC and all Regions.

- While the Regions developed a governance structure with several working groups to develop consensus on compliance implementation and policy issues, NERC will provide points of contact within NERC's staff for each such working group. Perhaps MRO said it best when it stated "MRO believes that only NERC, as the international ERO, has the authority to assure consistency in implementation.   Regional Entities cannot compel one another to be consistent; Regions can only voluntarily agree, although this has been successful, it provides no assurance to the industry that consistency in implementation will prevail across North America. NERC needs to design itself around centralized policy, procedures, and systems and design itself for decentralized implementation. By centralizing policy, procedures, and systems and creating a Regional Operations Group, NERC will achieve better consistency".

  MRO continues "NERC should re-assume the lead or, at least, the point of coordination of compliance and enforcement working groups." NERC will endeavor to re-assume the leadership of these groups in 2009 with the formation of the Regional Operations group in February.

- To achieve better coordination on documents that NERC and the Regional Entities produce for internal directives, consensus items and resolutions of issues related to the implementation of the CMEP and for stakeholder guidance, NERC and Regional Entity staff have been meeting to discuss knowledge management and to facilitate processes that allow for appropriate development, vetting, distribution and storage of documents.

- Further coordination will occur in 2009 in the development and maintenance of auditor tools. In early 2009, NERC undertook a significant review and reformatting of the RSAWs used by the Regional Entity auditors in compliance audits. That effort included input from Regional Entity staff to ensure that appropriate FERC guidance was incorporated and that the RSAWs were more "user friendly." In addition, while the Regional Entities engaged a consultant in 2008 to develop auditor training to supplement the training offered by NERC, NERC and the Regional Entities are now working to integrate that supplemental training with the base training to have a single coordinated auditor training program.

- NERC is continuing to work to develop a compliance reporting platform to streamline our processing, tracking, and reporting of compliance and enforcement activity. NERC is working with the Regions to develop common forms to facilitate implementation of that platform and build consistency.

Each of the forgoing activities to facilitate better coordination between NERC and the Regional Entities in the implementation of the CMEP will facilitate more efficiency in the monitoring of compliance and processing of enforcement actions, and will ultimately allow for more consistency and transparency. NERC Compliance will assist NERC management in its strategic plan initiative to actively seek to achieve a comparable level of enforceability of its industry-approved, continent-wide standards throughout North America.

8. Moving Forward

Aside from efforts to facilitate better coordination between NERC and the Regional Entities as outlined in Section 7, there are a number of significant programmatic developments in 2009.

CIP Activities

In 2009, NERC Compliance and the Regional Entities will be engaged in significant additional activities related to cyber security under NERC Reliability Standards CIP-002-1 through CIP-009-1 as registered in advance of the CIP Implementation Plan toward the "auditably compliant" stage.

NERC has directed all Regional Entities to conduct spot checks on all Registered Entities that are subject to Table 1 in the CIP-002-1 through CIP-009-1 Implementation Plan when 13 requirements reach the "auditably compliant" stage beginning July 1, 2009. Recognizing that those spot-checks may not be complete by July 1, 2010 when those Entities become Auditably Compliant under all 41 requirements of the CIP standards, NERC has instructed that those spot-checks should expand to all 41 requirements for Table 1 Entities on or after July 1, 2010.

In addition, NERC will continue to survey all Registered Entities for their status in complying with the CIP standards on a semiannual basis concurrently with self-certifications required of the Registered Entities on those Standards. Because the survey responses covering the second half of 2008 reflected that only 31 percent of separate (i.e., non-affiliated) entities responding to the survey reported they had at least one critical asset and only 23 percent of critical cyber asset, NERC will be asking more detailed survey questions aimed at identifying how (by function, type and size of asset) the industry is determining whether or not assets are critical.

Also in 2009, NERC and the Regional Entities will need to decide how to staff and resource two significant programs related to the implementation of the CIP standards. First, consistent with the standards and FERC's Order No. 706 approving the CIP standards, NERC and the Regional Entities must devise a means of granting requests by Registered Entities for technical feasibility exceptions from the CIP standards. It is anticipated that there will be a significant number of these requests (amounting in the six-figures) when the program is put in place, and a significant amount of resources will be needed to process and track these exceptions while ensuring consistent results. Second, in Order No. 706-B, FERC clarified that the CIP Standards applied to portions of nuclear power plants are not directly regulated by the NRC, and significant resources will need to be devoted to onsite auditing of those nuclear power plants under the CIP standards. Because of the sensitive nature of the information involved in such audits and the high security requirements at such plants, these audits will require dedicated teams of highly specialized auditors that will remain onsite throughout the course of the audit until a final audit report is prepared.

Multi-Regional Registered Entities

There are several activities related to registration, compliance monitoring, and enforcement involving Registered Entities that are active in multiple Regions. NERC and the Regional Entities have worked into the 2009 audit schedules a plan to coordinate compliance audits of entities registered in multiple Regional Entity areas. NERC and the Regional Entities are working together to develop a process for multi-Regional Registered Entities to register for functions on a more streamlined basis. Finally, the Regional Entities have been working together to facilitate enforcement of violations on a multi-Regional basis.

Audits of NERC and Regional Entity CMEP Implementation

In preparation for a FERC audit of the NERC CMEP implementation, NERC will document all of its procedures and processes used to implement the CMEP and will hire an independent auditor to audit the NERC CMEP program. The results of the independent audit will help NERC identify process gaps and other areas needing improvement.

In 2008, NERC developed the audit plan for auditing the Regional Entity CMEP implementation pursuant to Rule 402.1.3 and Appendix 4A of the RoP. The Regional Entity CMEP audits have commenced in 2009. The following audits have been scheduled for 2009: Reliability*First* Corporation (March 23–April 3), SERC Reliability Corporation (June 15–26), Midwest Reliability Organization (August 24–September 4), and NPCC, Inc. (October 19–30). These audits will be led by the same independent contract auditor retained to audit NERC's CMEP program. The remaining Regional Entities which have been audited by FERC or are currently undergoing an audit by FERC will be subject to CMEP implementation audits in 2010 with the expectation that they will be completed by mid-year.

Staffing Plan

The NERC Compliance department is seeking to increase its number of full-time equivalents in 2009 by adding five positions, totaling 32 positions. These new positions will be added to the Compliance Reporting and Tracking, Enforcement and Mitigation, and Certification and Registration groups to support internal activities and new activities required by the RoP and just now coming into play including audits of the Regional Entity program implementation and the NERC CMEP implementation. The Budget for 2010 is currently in development, and it will need to address any necessary programmatic changes outlined above (i.e., auditing nuclear power plants under the CIP standards and implementing a program for addressing technical feasibility exceptions).

FRCC Compliance Department is evaluating the need for additional personnel for 2009 and beyond as the tasks associated with settlements and hearings begin to develop.

NPCC is planning to add one position in 2009 allocated to its compliance staff. This addition will result in a total of eight and one-half FTE to support NPCC compliance activities.

The RFC business plan for 2009 is expected to reflect a total staff to support compliance activities of 22–25 positions.

SERC is evaluating the need for additional staff in 2009, particularly regarding critical infrastructure protection and reliability standards implementation.

SPP RE is planning to add one additional position in 2009 to reflect a total staff of five full-time equivalents.

TRE is evaluating the need to add two additional compliance positions in its 2009 staffing plan.

WECC is planning to add nine positions in 2009, bringing its total Compliance department to 23 positions.

Appendix A - Actively Monitored Standards[8]

	Std#	Requirements	Standard Name	Who	Purpose	3-year on-site Audit	Self-Certification	Monthly/Quarterly Reporting	Exception Reporting	Investigation
1	BAL-001-0	All	**Real Power Balancing Control Performance**	BA	To maintain Interconnection steady-state frequency within defined limits by balancing real power demand and supply in real-time.	√		M		
2	BAL-002-0	All	**Disturbance Control Performance**	BA, RSG, RRO	To ensure the Balancing Authority is able to utilize its Contingency Reserve to balance resources and demand and return Interconnection frequency within defined limits.	√−8		Q		
3	BAL-003-0	All	**Frequency Response and Bias**	BA	This standard provides a consistent method for calculating the Frequency Bias component of ACE.	√				
4	BAL-004-0	All	**Time Error Correction**	RC and BA	The purpose of this standard is to ensure that Time Error Corrections are conducted in a manner that does not adversely affect the reliability of the Interconnection.	√−8				
5	BAL-005-0	All	**Automatic Generation Control**	BA, GOP, TOP and LSE	This standard establishes requirements for Balancing Authority Automatic Generation Control (AGC) necessary to calculate Area Control Error (ACE) and to routinely deploy the Regulating Reserve. The standard also ensures that all facilities and load electrically synchronized to the Interconnection	√−8				

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[8] √−8 = added for the 2008 compliance year

Std#	Requirements	Standard Name	Who	Purpose	3-year on-site Audit	Self-Certification	Monthly/Quarterly Reporting	Exception Reporting	Investigation
				are included within the metered boundary of a Balancing Area so that balancing of resources and demand can be achieved.					
6	BAL-006-1	All	**Inadvertent Interchange**	BA	This standard defines a process for monitoring Balancing Authorities to ensure that, over the long term, Balancing Authority Areas do not excessively depend on other Balancing Authority Area so that balancing of resources and demand can be achieved.	√–8		M	√	
7	BAL-STD-002-0	All-WECC Only	**Operating Reserves (WECC)**	BA and RSG	Regional Reliability Standard to address the Operating Reserve requirements of the Western Interconnection.	√–8		Q	√	
8	CIP-001-1	All	**Sabotage Reporting**	RC, BA, TOP, GOP, LSE	Disturbances or unusual occurrences, suspected or determined to be caused by sabotage, shall be reported to the appropriate systems, governmental agencies, and regulatory bodies.	√	√			
9	CIP-002-1 through CIP-009-1	All	**Critical Infrastructure Protection Standards**	BA, GO, GOP, IA, LSE, NERC, RC, RRO, TO, TOP, TSP	Cyber Security Standards- Follow revised Implementation Plan for Cyber Security Standards CIP-002-1 through CIP-009-1		√			

Std#	Requirements	Standard Name	Who	Purpose	3-year on-site Audit	Self-Certification	Monthly/Quarterly Reporting	Exception Reporting	Investigation
1 0	COM-001-1	R2 an d R5	**Telecommun-ications**	TOP, BA, RC, NERC Net User Organi zations.	Each Reliability Coordinator, Transmission Operator and Balancing Authority needs adequate and reliable telecommunications facilities internally and with others for the exchange of Interconnection and operating information necessary to maintain reliability.		√	√		
1 1	COM-002-2	All	**Communicatio ns and Coordination**	RC, BA, TOP and GOP	To ensure Balancing Authorities, Transmission Operators, and Generator Operators have adequate communications and that these communications capabilities are staffed and available for addressing a real-time emergency condition. To ensure communications by operating personnel are effective.	√–8	√			
1 2	EOP-001-0	All	**Emergency Operations Planning**	BA, TOP	Each Transmission Operator and Balancing Authority needs to develop, maintain, and implement a set of plans to mitigate operating emergencies. These plans need to be coordinated with other Transmission Operators and Balancing Authorities, and the Reliability Coordinator.	√	√			
1 3	EOP-002-2	All	**Capacity and Energy Emergencies**	RC and BA	To ensure Reliability Coordinators and Balancing Authorities are prepared for capacity and energy emergencies.	√–8	√			√

	Std#	Requirements	Standard Name	Who	Purpose	3-year on-site Audit	Self-Certification	Monthly/Quarterly Reporting	Exception Reporting	Investigation
1 4	EOP-003-1	All	**Load Shedding Plans**	BA, TOP	A Balancing Authority and Transmission Operator operating with insufficient generation or transmission capacity must have the capability and authority to shed load rather than risk an uncontrolled failure of the Interconnection.	√	√			
1 5	EOP-004-1	All	**Disturbance Reporting**	RC, BA, TOP, GOP, LSE and RRO	Disturbances or unusual occurrences that jeopardize the operation of the Bulk power system, or result in system equipment damage or customer interruptions, need to be studied and understood to minimize the likelihood of similar events in the future.	√–8	√			√
1 6	EOP-005-1	All	**System Restoration Plans**	BA, TOP	To ensure plans, procedures, and resources are available to restore the electric system to a normal condition in the event of a partial or total shut down of the system	√–8	√			
1 7	EOP-006-1	All	**Reliability Coordination – System Restoration**	RC	The Reliability Coordinator must have a coordinating role in system restoration to ensure reliability is maintained during restoration and priority is placed on restoring the Interconnection.	√	√			
1 8	EOP-008-0	All	**Plans for Loss of Control Center Functionality**	BA, RC, TOP	Each reliability Entity must have a plan to continue reliability operations in the event its control center becomes inoperable.	√	√			

	Std#	Requirements	Standard Name	Who	Purpose	3-year on-site Audit	Self-Certification	Monthly/Quarterly Reporting	Exception Reporting	Investigation
1 9	EOP-009-0	All	**Documentation of Blackstart Generating Unit Test Results**	GO, GOP	To ensure that the quantity and location of system blackstart generators are sufficient and that they can perform their expected functions.	√	√			
2 0	FAC-003-1	All	**Vegetation Management**	RRO, TO	To improve the reliability of the electric transmission systems by preventing outages from vegetation located on transmission rights-of-way (ROW) and minimizing outages from vegetation located adjacent to ROW, maintaining clearances between transmission lines	√	√	Q		
2 1	FAC-008-1	All	**Facility Ratings Methodology**	GO, TO	To ensure that Facility Ratings used in the reliable planning and operation of the Bulk power system (BES) are determined based on an established methodology	√	√			
2 2	FAC-009-1	All	**Establish and Communicate Facility Ratings**	GO, TO	To ensure that Facility Ratings used in the reliable planning and operation of the bulk power system are determined based on an established methodology or methodologies.	√	√			
2 3	FAC-013-1	All	**Establish and Communicate Transfer Capabilities**	RC and PA	To ensure that Transfer Capabilities used in the reliable planning and operation of the Bulk power system are determined based on an established methodology or methodologies.	√–8	√			

	Std#	Requirements	Standard Name	Who	Purpose	3-year on-site Audit	Self-Certification	Monthly/Quarterly Reporting	Exception Reporting	Investigation
2 4	INT-001-2	All	**Interchange Information**	BA and PSE	To ensure that Interchange information is submitted to the NERC-identified reliability analysis service.	√–8	√			√
2 5	INT-003-2	All	**Interchange Transaction Implementatio n**	BA	To ensure Balancing Authorities confirm Interchange Schedules with Adjacent Balancing Authorities prior to implementing the schedules in their Area Control Error (ACE) equations.	√–8	√			√
2 6	INT-004-1	All	**Dynamic Interchange Transaction Modifications**	RC, BA, TOP and PSE	To ensure Dynamic Transfers are adequately tagged to be able to determine their reliability impacts.	√–8				
2 7	IRO-001-1	All	**Reliability Coordination – Responsibiliti es and Authorities**	BA, GOP, LSE, PSE, RC, RRO, TOP, TSP	Reliability Coordinators must have the authority, plans, and agreements in place to immediately direct reliability Entities within their Reliability Coordinator Areas to re-dispatch generation, reconfigure transmission, or reduce load to mitigate critical conditions to return the system to a reliable state. If a Reliability Coordinator delegates tasks to others, the Reliability Coordinator retains its responsibilities for complying with NERC and Regional standards. Standards of conduct are necessary to ensure the Reliability Coordinator does not act in a manner that favors one market participant over another.	√	√			

Std#	Requirements	Standard Name	Who	Purpose	3-year on-site Audit	Self-Certification	Monthly/Quarterly Reporting	Exception Reporting	Investigation
28	IRO-003-2	**Reliability Coordination – Wide-Area View**	RC	The Reliability Coordinator must have a wide-area view of its own Reliability Coordinator Area and that of neighboring Reliability Coordinators.	√–8	√			√
29	IRO-004-1	**Reliability Coordination — Operations Planning**	BA, GO, GOP, LSE, RC, TO, TOP, TSP	Each Reliability Coordinator must conduct next-day reliability analyses for its Reliability Coordinator Area to ensure the Bulk power system can be operated reliably in anticipated normal and Contingency conditions.	√	√		√	
30	IRO-005-1	**Reliability Coordination – Current-Day Operations**	RC, BA, TOP, TSP, GOP, LSE AND PSE	The Reliability Coordinator must be continuously aware of conditions within its Reliability Coordinator Area and include this information in its reliability assessments. The Reliability Coordinator must monitor Bulk power system parameters that may have significant impacts upon the Reliability Coordinator Area and neighboring Reliability Coordinator Areas.	√–8				

Std#		Requirements	Standard Name	Who	Purpose	3-year on-site Audit	Self-Certification	Monthly/Quarterly Reporting	Exception Reporting	Investigation
3 1	IRO-006-3	All	**Reliability Coordination – Transmission Loading Relief**	RC, TOP and BA	Regardless of the process it uses, the Reliability Coordinator must direct its Balancing Authorities and Transmission Operators to return the transmission system to within its Interconnection Reliability Operating Limits as soon as possible, but no longer than 30 minutes. The Reliability Coordinator needs to direct Balancing Authorities and Transmission Operators to execute actions such as reconfiguration, redispatch, or load shedding until relief requested by the TLR process is achieved.	√–8				√
3 2	IRO-014-1	All	**Procedures, Processes, or Plans to Support Coordination Between Reliability Coordinators**	RC	To ensure that each Reliability Coordinator's operations are coordinated such that they will not have an Adverse Reliability Impact on other Reliability Coordinator Areas and to preserve the reliability benefits of interconnected operations.	√	√			
3 3	IRO-015-1	All	**Notifications and Information Exchange Between Reliability Coordinators**	RC	To ensure that each Reliability Coordinator's operations are coordinated such that they will not have an Adverse Reliability Impact on other Reliability Coordinator Areas and to preserve the reliability benefits of interconnected operations.	√	√			

	Std#	Requirements	Standard Name	Who	Purpose	3-year on-site Audit	Self-Certification	Monthly/Quarterly Reporting	Exception Reporting	Investigation
3 4	IRO-016-1	All	**Coordination of Real-time Activities Between Reliability Coordinators**	RC	To ensure that each Reliability Coordinator's operations are coordinated such that they will not have an Adverse Reliability Impact on other Reliability Coordinator Areas and to preserve the reliability benefits of interconnected operations.	√	√			
3 5	IRO-STD-006-0	All	**Qualified Path Unscheduled Flow Relief (WECC)**	BA, TOP and LSE	Mitigation of transmission overloads due to unscheduled line flow on Qualified Paths.	√–8			√	
3 6	PER-002-0	All	**Operating Personnel Training**	BA, TOP	Each Transmission Operator and Balancing Authority must provide their personnel with a coordinated training program that will ensure reliable system operation.	√	√			
3 7	PER-003-0	All	**Operating Personnel Credentials**	BA, RC, TOP	Certification of operating personnel is necessary to ensure minimum competencies for operating a reliable Bulk power system.	√			√	
3 8	PER-004-1	All	**Reliability Coordination — Staffing**	RC	Reliability Coordinators must have sufficient, competent staff to perform the Reliability Coordinator functions.		√			
3 9	PRC-004-1	All	**Analysis and Mitigation of Transmission and Generation Protection System Misoperations**	DP*, GO, TO	Provide trip operation / misoperation information per Regional process.	√	√			
4 0	PRC-005-1	All	**Transmission and Generation Protection System Maintenance and Testing**	DP*, GO, TO	Document/implement transmission protection system maintenance/testing/monitoring PROGRAM	√	√			

	Std#	Requirements	Standard Name	Who	Purpose	3-year on-site Audit	Self-Certification	Monthly/Quarterly Reporting	Exception Reporting	Investigation
4 1	PRC-008-0	All	**Implementation and Documentation of Underfrequency Load Shedding Equipment Maintenance Program**	DP, TO	Document/implement UFLS maintenance/testing PROGRAM	√	√			
4 2	PRC-010-0	All	**Technical Assessment of the Design and Effectiveness of Undervoltage Load Shedding Program.**	DP, LSE, TO, TOP	ASSESS design and effectiveness of UVLS programs	√	√			
4 3	PRC-011-0	All	**UVLS System Maintenance and Testing**	DP, TO	Document/implement UVLS maintenance/testing Program	√	√			
4 4	PRC-016-0	All	**Special Protection System Misoperations**	DP, GO, TO	DOCUMENT/analyze misoperations	√	√			
4 5	PRC-017-0	All	**Special Protection System Maintenance and Testing**	DP, GO, TO	Document/implement SPS maintenance/testing PROGRAM	√	√			
4 6	PRC-021-1	All	**Under-Voltage Load Shedding Program Data**	DP, TO	DOCUMENTATION of undervoltage load shedding program	√	√			
4 7	TOP-002-2	All	**Normal Operations Planning**	BA, TOP, GOP, LSE and TSP	Current operations plans and procedures are essential to being prepared for reliable operations, including response for unplanned events.	√–8	√			√

	Std#	Requirements	Standard Name	Who	Purpose	3-year on-site Audit	Self-Certification	Monthly/Quarterly Reporting	Exception Reporting	Investigation
4 8	TOP-003-0	All	**Planned Outage Coordination**	BA, GOP, RC, TOP	Scheduled generator and transmission outages that may affect the reliability of interconnected operations must be planned and coordinated among Balancing Authorities, Transmission Operators, and Reliability Coordinators.	√	√			√
4 9	TOP-004-1	R6	**Transmission Operations**	TOP	To ensure that the transmission system is operated so that instability, uncontrolled separation, or cascading outages will not occur as a result of the most severe single Contingency and specified multiple Contingencies.	√–8	√			√
5 0	TOP-005-1	All	**Operational Reliability Information**	BA, PSE, RC, TOP	To ensure reliability Entities have the operating data needed to monitor system conditions within their areas.	√	√		√	
5 1	TOP-007-0	All	**Reporting System Operating Limit (SOL) and Interconnectio n Reliability**	RC, TOP	Ensure SOL and IROL violations are being reported to the Reliability Coordinator so that the Reliability Coordinator may evaluate actions being taken and direct additional corrective actions as needed.	√			√	
5 2	TPL-001-0	All	**System Performance Under Normal (No Contingency) Conditions**	PA, TP	System performance under normal conditions	√	√			
5 3	TPL-002-0	All	**System Performance Following Loss of a Single Bulk**	PA, TP	System performance under single contingency	√	√			

Std#	Requirements	Standard Name	Who	Purpose	3-year on-site Audit	Self-Certification	Monthly/Quarterly Reporting	Exception Reporting	Investigation
		power system Element							
5 4	TPL-003-0	**System Performance Following Loss of Two or More Bulk power system Elements**	PA, TP	System performance under multiple contingencies	√	√			
5 5	TPL-004-0	**System Performance Following Extreme Events Resulting in the Loss of Two or More Bulk power system Elements**	PA, TP	System performance under extreme contingencies	√	√			
5 6	VAR-001-1	**Voltage and Reactive Control**	PSE, TOP	To ensure voltage levels, reactive flows, and reactive resources are monitored, controlled, and maintained within limits in real time to protect equipment and the reliable operation of the Interconnection.	√	√			
5 7	VAR-002-1	**Generator Operation for Maintaining Network Voltage Schedules**	GO and GOP	To ensure generators provide reactive and voltage control necessary to ensure voltage levels, reactive flows, and reactive resources are maintained within applicable Facility Ratings to protect equipment and the reliable operation of the Interconnection.	√–8	√			√

Appendix B – Regulatory Actions

NERC to FERC Filings (2008)

12.19.2008   Compliance Filing in Response to Paragraph 47 of the June 19, 2008 Order — *Docket Nos. RR08-4-000, RR08-4-001 and RR08-4-002*

12.19.2008   Compliance Filing in Response to Paragraph 76 of the November 20, 2008 Order — *Docket Nos. RR08-4-000, RR08-4-001 and RR08-4-002*

12.19.2008   Supplemental Compliance Filing in Response to Paragraphs 751 and 757 - submission of 31 CIP VRFs — *Docket No. RM06-22-000*

12.15.2008   Compliance Filing in response to the October 16, 2008 Order on the 2009 Business Plan and Budget Filing — *Docket Nos. RR08-6 and RR07-14*

11.21.2008   Compliance Filing in Response to Paragraph 223 of Order No. 890 — *Docket Nos. RM05-17-000 & RM05-25-000*

11.21.2008   Further Status Report of NERC and WECC in response to P 226 of the March 21, 2008 Order —*Docket Nos. RR06-1-012, RR06-1-018, RR07-7-002, RR07-7-006 and RR09-1-000*

11.17.2008   Compliance Filing in response to P 107 Order No. 716 — *Docket No. RM08-3-002*

11.14.2008   Request for Clarification of Paragraphs 24-25 of October 16, 2008 Order on 2009 Business Plan and Budget — *Docket Nos. RR08-6-001 et al.*

11.03.2008   Comments in Response to the Commission's September 18, 2008 Order on Proposed Clarification — *Docket No. RM06-22-000*

10.31.2008   Quarterly Report Regarding Analysis of Reliability Standards Voting Results July - September 2008 — *Docket No. RR06-1-000*

10.31.2008   Compliance Filing in Response to Paragraph 951 of Order No. 693 — *Docket No. RM06-16-006*

10.24.2008   Petition of NERC for Approval of Formal Interpretations to Reliability Standards — *Docket No. RM06-16-000*

10.15.2008   Supplemental Filing - Violation Risk Factors for Version 2 FAC Standards — *Docket No. RM08-11-000*

10.06.2008   Compliance Registry Appeal Decision on Remand — *Docket No. RC08-5-001*

09.30.2008   Petition for Approval of Revisions to Exhibit E to WECC's Delegation Agreement — *Docket No. RR07-7-*

09.22.2008   Status Report of NERC and WECC in Response to Paragraph 226 of the March 21 Order — *Docket Nos. RR06-1, et al.*

09.02.2008   Motion to Submit Correction to the 2009 Business Plan and Budget Filing — *Docket No. RR08-6-000*

08.29.2008   Compliance Filing in Response to Paragraph 223 of Order No. 890 — *Docket No. RM08-19-000*

08.28.2008   Supplement to Compliance Filing in Response to March 21, 2008 Order — *Docket Nos. RR06-1-017 and RR07-7-004*

08.28.2008   Petition for approval of proposed revisions to the RFC Bylaws — *Docket No. RR08-7-000*

08.28.2008   Motion to file corrected Attachment 7 to Compliance Filing in response to March 21 Order — *Docket Nos. RR06-1-017 and RR07-4-004*

08.22.2008   Request of NERC for Acceptance of its and the Regional Entities 2009 Business Plans and Budgets — *Docket No. RR08-6-000*

08.14.2008   Petition for Approval of Amendments to the NERC Bylaws — *Docket No. RR08-5-000*

08.14.2008   Further Compliance Filing in Response to Paragraph 18 of the February 21 Order —*Docket Nos. RM06-16-000 and RR08-1-000.*

07.31.2008	Compliance Filing of NERC in Response to December 20, 2007 Order — *Docket Nos. RC07-4-003* et al.
07.31.2008	Quarterly Report Regarding Analysis of Reliability Standards Voting Results — *Docket No. RR06-1-000*
07.30.2008	Supplemental Compliance Filing in response to Paragraphs 751 and 757 of Order No. 705 — *Docket No. RM06-22-003*
07.30.2008	Petition of NERC for Approval of PRC-023-1 Reliability Standard — *Docket Nos. RM08-13-000*
07.29.2008	Petition for Approval of WECC Regional Reliability Standard and Three Definitions — *Docket Nos. RM08-12-000*
07.28.2008	Petition of NERC for approval of Formal Interpretations to Standards — *Docket Nos. RM06-16-000, RM08-15-000 and RM08-16-000*
07.28.2008	Errata Petition of NERC for Approval of Two Standards — *Docket No. RM08-17-000*
07.25.2008	CORRECTED- Compliance Filing of NERC in response to June 19, 2008 Order — *Docket No. RR07-16-004*
07.25.2008	Compliance Filing of NERC in response to the Commission's May 16, 2008 Order — *Docket No. RC08-4-000*
07.25.2008	Motion of NERC to file Corrected version of the Compliance Filing in response to the June 19 Order — *Docket No. RR07-16-004*
07.23.2008	Supplemental Request for Clarification of VSL Order — *Docket No. RR08-4-001*
07.21.2008	Compliance Filing of the NERC in response to June 19, 2008 Order — *Docket No. RR07-16-003*
07.21.2008	Compliance Filing of the NERC in response to March 21, 2008 Order — *Docket No. RR06-1-012 et al.*
07.21.2008	Compliance Filing of NERC in response to Paragraph 40 of the Order on VSLs Proposed by the ERO — *Docket No. RR08-4-000*
07.21.2008	Request of NERC for Clarification and Rehearing, of the Order on VSLs Proposed by the ERO — *Docket No. RR08-4-000*
06.30.2008	Petition of the NERC for Approval of Three Reliability Standards — *Docket No. RM08-11-000*
06.27.2008	Compliance Filing of the NERC in response to the Paragraph 757 of Order No. 706 — *Docket No. RM06-22-000*
05.19.2008	Compliance Filing of the NERC and NPCC, Inc. in Response to Paragraph 174 of March 21, 2008 Commission Order — *Docket No. RR06-1-012, RR07-3-002*
05.16.2008	Compliance Filing of the NERC in Response to the Commission's February 21, 2008 Order — *Docket No. RM06-16-000, RR08-1-000*
04.30.2008	Quarterly Report of the NERC Regarding Analysis of Reliability Standards Voting Results January - March 2008 — *Docket No. RR06-1-000*
04.21.2008	NERC's Request for Rehearing of March 21, 2008 Order — *Docket No. RR08-2-000*
04.15.2008	Petition of the NERC for Approval of Formal Interpretation to Reliability Standards and Withdrawal of Prior Formal Interpretation — *Docket No. RM08-7-000*
04.01.2008	Additional Compliance Filing of the NERC in Response to October 18, 2007 Order — *Docket No. RR07-16-001*
04.01.2008	Compliance Filing of the NERC in Response to Para. 135 of Order No. 705 — *Docket No. RM07-3-000*
03.17.2008	Request for Approval of an Amendment to 2008 Business Plan and Budget of the WECC — *Docket No. RR07-16-002*
03.04.2008	Compliance Filing of the NERC in Response to December 20, 2007 Order — *Docket Nos. RC07-4-000, RC07-6-000, RC07-7-000*
03.04.2008	Amendment to March 3, 2008 Compliance Filing to Include Complete Copy of Exhibit A — *Docket No. RC08-4-000*

03.03.2008	Compliance Filing of the NERC in Response to the Commission's June 7, 2007 Order — *Docket No. RR08-4-000*
02.15.2008	Approval of an Amendment to the 2008 Business Plan and Budget of the WECC — *Docket No. RR07-16-*
01.31.2008	Quarterly Report of the NERC Regarding Analysis of Reliability Standards Voting Results — *Docket No. RR06-1-000*

FERC Orders (2008)

12.22.2008	Letter Order Accepting the Status Report in Response to Paragraph 226 of March 21 Order — *Docket Nos. RR06-1-012 and RR07-7-002*
12.19.2008	Order Accepting Compliance Filings, subject to conditions — *Docket Nos. RR06-1-016 and RR06-1-017, et al.*
12.18.2008	Order Upholding ERO Compliance Registry Determination and Conditionally Directing Additional Registration — *Docket No. RC08-1-001*
12.18.2008	Order Directing the Submission of Data - *Docket No. RC09-3-000*
11.20.2008	Order on Rehearing and Clarification and Accepting Compliance Filing in response to VSL Order — *Docket Nos. RR08-4-001 and RR08-4-002*
11.20.2008	Order Remanding Compliance Registry Determination — Constellation Energy Commodities Group, Inc. - *Docket No. RC08-7-000*
10.16.2008	Policy Statement on Compliance — *Docket No. PL09-1-000*
10.16.2008	Order Conditionally Accepting 2009 Business Plan and Budget — *Docket Nos. RR08-6-000 and RR07-14-001*
10.16.2008	Order Approving Revisions to Statement of Compliance Registry Criteria V5.0 — *Docket Nos. RC07-4-003, RC07-6-003 and RC07-7-003*
10.16.2008	Order No. 716 - NUC Standard — *Docket No. RM08-3-000*
10.16.2008	Order No. 718 - Ex Parte Contacts and Separation of Functions — *Docket No. RM08-8-000*
10.07.2008	Letter Order Approving NERC Bylaws — *Docket No. RR08-5-000*
09.18.2008	Order on Proposed Clarification — *Docket No. RM06-22-000*
08.13.2008	Letter Order Accepting Status Report of Section 1600 Revisions — *Docket Nos. RM06-16-000 and RR08-1-002*
07.21.2008	Order on Appeal of ERO Compliance Registry Determination — *Docket No. RC08-5-000*
07.21.2008	Order No. 713 - Modification of INT and TLR Standards; and ERO Interpretation of Requirements of Four Standards — *Docket No. RM08-7-000*
07.15.2008	Letter Order Accepting FRCC's and NPCC's May 19 Compliance Filing — *Docket Nos. RR06-1-012, RR07-3-002 and RR07-8-002*
07.03.2008	Guidance Order on Reliability Notices of Penalty — *Docket Nos. NP08-1-000, et al. and AD08-10-000.*
06.19.2008	Order on Violation Severity Levels Proposed by the Electric Reliability Organization — *Docket No. RR08-4-000*
06.19.2008	Order Conditionally Accepting Compliance Filing — *Docket No. RR07-16-003*
06.17.2008	Order on Rehearing — *Docket No. RR06-1-014, et al.*
06.02.2008	Order on Rehearing and Clarification — *Docket No. RM07-3-001*
05.29.2008	Letter Order approving revised VRFs for the FAC standards — *Docket No. RM07-3-002*
05.21.2008	Order Granting Rehearing for Further Consideration — *Docket No. RR06-1-014, et al.*

05.16.2008	Order Denying Rehearing and Granting Clarification — *Docket No. RM06-22-001*
05.16.2008	Order Denying Appeal of ERO Compliance Registry Determination — *Docket Nos. RC08-4-000*
05.15.2008	Interpretative Order Modifying No-Action Letter Process and Reviewing Other Mechanisms for Obtaining Guidance — *Docket Nos. PL08-2-000*
05.15.2008	Submissions to the Commission Upon Staff Intention to Seek and Order to Show Cause - Order No. 711 — *Docket Nos. RM08-10-000*
05.15.2008	Revised Policy Statement on Enforcement — *Docket Nos. PL08-3-000*
04.17.2008	Order Approving Amendment to WECC Business Plan and Budget — *Docket No. RR07-16-002*
04.17.2008	Statement of Administrative Policy on Processing Reliability Notices of Penalty and Order Revising Statement in Order No. 672 — *Docket Nos. AD08-6-000 and RM05-30-002*
04.04.2008	Order on Compliance Filing (Issued April 4, 2008) —*Docket No. RC07-4-002, RC07-06-002 and RC07-7-002*
03.21.2008	Order Addressing Revised Delegation Agreements — *Docket Nos. RR06-1-012, et al.*
03.21.2008	Order on Compliance Filing (Issued March 21, 2008) — *Docket No. RR07-16-001*
03.20.2008	Order Providing Guidance on Recovery of Reliability Penalty Costs by RTOs and ISOs — *Docket No. AD07-12-000*
02.21.2008	Order Remanding Proceeding to Electric Reliability Organization — *Docket No. RC08-1-000*
02.21.2008	Order Denying Rehearing — *Docket Nos. RC07-3-001, RC07-5-001*
02.21.2008	Order Conditionally Approving Amended Rules of Procedures — *Docket Nos. RM06-16-000, RR08-1-000*
02.06.2008	Letter Order Approving 12/17/07 Violation Risk Factor Compliance Filing — *Docket Nos. RR07-9-004 and RR07-10-004*
02.06.2008	Order on Compliance Filing (Issued February 6, 2008) — *Docket No. RR06-1-011*
02.05.2008	Order Approving Amendment to the NERC Statement of Compliance Registry Criteria — *Docket No. RR08-3-000*
01.18.2008	Mandatory Reliability Standards for Critical Infrastructure Protection (Issued 1/18/08) —*Docket Nos. RM06-22-000; Order No. 706*
01.15.2008	Compliance Filing of the NERC in Response to the October 18, 2007 Order — *Docket Nos. RR06-1-013*