

## Agenda Board of Trustees

August 4, 2011 | 8:00 a.m.-12:00 p.m.PT  
Vancouver Marriott Pinnacle  
1128 West Hastings Street  
Vancouver, BC VE 4R5 Canada  
604-684-1128

### **Introductions and Chair's Remarks**

### **NERC Antitrust Compliance Guidelines**

### **Consent Agenda\* — Approve**

1. **Minutes**
  - a. May 24, 2011 Conference Call
  - b. May 11, 2011 Meeting
2. **Committee Membership Appointments and Changes**
3. **Future Meetings**

### **Regular Agenda**

4. **President's Report**
5. **Reliability Standards\***
  - a. **Project 2006-02 Assess Transmission Future Needs and Develop Transmission Plans**
    1. TPL-001-2 – Transmission System Planning Performance Requirements — **Approve**
  - b. **Project 2006-06 Reliability Coordination**
    1. IRO-002-3 — Reliability Coordination – Analysis Tools — **Approve**
    2. IRO-005-4 — Reliability Coordination - Current Day Operations — **Approve**
    3. IRO-014-2 — Coordination Among Reliability Coordinators — **Approve**

**c. Overview of Selected Standards in Process – Regulatory and Development Issues — Discuss**

1. FAC-003 – Development Status and Issues
  2. TPL-Footer B – Regulatory Status and Issues
  3. CIP-002 -4 – Regulatory Status and Issues
6. **Planning Committee Strategic Plan and Charter — Approve**
  7. **Generating Availability Data System: Section 1600 Data Request — Approve**
  8. **2011 Risk Assessment of Reliability Performance — Approve**
  9. **Regional Delegation Agreement Metrics — Approve**
  10. **Regulatory Update — Review**

**Standing Committee Reports (Agenda Item 11)\***

- a. [Compliance and Certification Committee](#)
  - i. Committee Report
  - ii. Request For Action
- b. [Critical Infrastructure Protection Committee](#)
- c. [Member Representatives Committee](#)
- d. [Operating Committee](#)
- e. [Personnel Certification Governance Committee](#)
- f. [Planning Committee](#)
- g. [Standards Committee](#)
- h. [Electricity Sub-Sector Coordinating Council](#)

**Forum and Group Reports (Agenda Item 12)**

- a. [North American Energy Standards Board](#)
- b. [Regional Entity Management Group](#)
- c. [North American Transmission Forum](#)
- d. [North American Generator Forum](#)

**Board Committee Reports**

**13. Corporate Governance and Human Resources**

**14. Compliance**

**15. Nominating**

**16. Finance and Audit**

- a. Review and approval of NERC and Regional Entity 2012 Business Plans and Budgets and Assessments to LSEs
- b. Review Risk Management Framework

**17. Standards Oversight and Technology**

\*Background material included.

## Antitrust Compliance Guidelines

### I. General

It is NERC's policy and practice to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition. This policy requires the avoidance of any conduct that violates, or that might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition.

It is the responsibility of every NERC participant and employee who may in any way affect NERC's compliance with the antitrust laws to carry out this commitment.

Antitrust laws are complex and subject to court interpretation that can vary over time and from one court to another. The purpose of these guidelines is to alert NERC participants and employees to potential antitrust problems and to set forth policies to be followed with respect to activities that may involve antitrust considerations. In some instances, the NERC policy contained in these guidelines is stricter than the applicable antitrust laws. Any NERC participant or employee who is uncertain about the legal ramifications of a particular course of conduct or who has doubts or concerns about whether NERC's antitrust compliance policy is implicated in any situation should consult NERC's General Counsel immediately.

### II. Prohibited Activities

Participants in NERC activities (including those of its committees and subgroups) should refrain from the following when acting in their capacity as participants in NERC activities (e.g., at NERC meetings, conference calls and in informal discussions):

- Discussions involving pricing information, especially margin (profit) and internal cost information and participants' expectations as to their future prices or internal costs.
- Discussions of a participant's marketing strategies.
- Discussions regarding how customers and geographical areas are to be divided among competitors.



- Discussions concerning the exclusion of competitors from markets.
- Discussions concerning boycotting or group refusals to deal with competitors, vendors or suppliers.
- Any other matters that do not clearly fall within these guidelines should be reviewed with NERC's General Counsel before being discussed.

### **III. Activities That Are Permitted**

From time to time decisions or actions of NERC (including those of its committees and subgroups) may have a negative impact on particular entities and thus in that sense adversely impact competition. Decisions and actions by NERC (including its committees and subgroups) should only be undertaken for the purpose of promoting and maintaining the reliability and adequacy of the bulk power system. If you do not have a legitimate purpose consistent with this objective for discussing a matter, please refrain from discussing the matter during NERC meetings and in other NERC-related communications.

You should also ensure that NERC procedures, including those set forth in NERC's Certificate of Incorporation, Bylaws, and Rules of Procedure are followed in conducting NERC business.

In addition, all discussions in NERC meetings and other NERC-related communications should be within the scope of the mandate for or assignment to the particular NERC committee or subgroup, as well as within the scope of the published agenda for the meeting.

No decisions should be made nor any actions taken in NERC activities for the purpose of giving an industry participant or group of participants a competitive advantage over other participants. In particular, decisions with respect to setting, revising, or assessing compliance with NERC reliability standards should not be influenced by anti-competitive motivations.

Subject to the foregoing restrictions, participants in NERC activities may discuss:

- Reliability matters relating to the bulk power system, including operation and planning matters such as establishing or revising reliability standards, special operating procedures, operating transfer capabilities, and plans for new facilities.
- Matters relating to the impact of reliability standards for the bulk power system on electricity markets, and the impact of electricity market operations on the reliability of the bulk power system.
- Proposed filings or other communications with state or federal regulatory authorities or other governmental entities.
- Matters relating to the internal governance, management and operation of NERC, such as nominations for vacant committee positions, budgeting and assessments, and employment matters; and procedural matters such as planning and scheduling meetings.

## Draft Minutes Board of Trustees Conference Call

May 24, 2011 | 2 p.m. EDT

Chair John Q. Anderson convened a duly noticed open meeting by conference call of the Board of Trustees of the North American Electric Reliability Corporation on May 24, 2011 at 2:00 p.m., EDT. As required by the bylaws of the Corporation, dial-in listen-only access was provided to members of the Corporation and the public for the meeting. The agenda is attached as **Exhibit A**.

Trustees present on the call in addition to Chair Anderson were Vicky Bailey, Paul Barber, Tom Berry, Fred Gorbet, David Goulding, Ken Peterson, Jan Schori, Roy Thilly and President and CEO Gerry Cauley. Also, present were Tom Burgess, chair of the Planning Committee, and Mark Lauby, John Moura, Eric Rollison, Tina McClellan, Herb Schrayshuen, Holly Hawkins, and David Cook of NERC staff. Additional attendees are listed in **Exhibit B**.

### **NERC Antitrust Compliance Guidelines**

David Cook, senior vice president and general counsel, directed the participants' attention to the NERC Antitrust Compliance Guidelines.

### **2011 Summer Assessment**

Tom Burgess introduced the draft [2011 Summer Assessment](#) that had previously been circulated to the board for review. Mr. Burgess reported the draft had been reviewed by the Operating and Planning Committees, and that the draft had been endorsed by the Planning Committee. John Moura reviewed the highlights of the draft report. Chair Anderson led the board through a section-by-section discussion of the report. Individual trustees raised questions and suggested clarifying edits and revisions. Following extended discussion, on motion of Paul Barber, the board approved the draft 2011 Summer Assessment for publication, subject to the edits and clarifications discussed during the course of the conference call. Chair Anderson expressed the appreciation of the board for the outstanding work of the Reliability Assessment Subcommittee and NERC staff in developing the report.

**Reliability Standard FAC-008-3 — Facility Ratings**

Herb Schrayshuen presented for the board's approval Reliability Standard FAC-008-3. He reported that the recirculation ballot had closed May 23, 2011, and that the standard was approved by the ballot body with a 91 percent quorum and a weighted affirmative vote of 78 percent. Following discussion of the issues, on motion of Tom Berry, the board approved Reliability Standard FAC-008-3 — Facility Ratings and the associated implementation plan for filing with FERC and applicable governmental authorities in Canada.

There being no further business, the call was terminated at 3:10 p.m.

Submitted by,



David N. Cook  
Secretary

## Draft Minutes Board of Trustees

May 11, 2011 | 8 a.m.–12:00 p.m. ET  
The Westin Arlington Gateway  
801 Glebe Road  
Arlington, VA

Chair John Q. Anderson called to order a duly noticed meeting of the North American Electric Reliability Corporation Board of Trustees on May 11, 2011 at 8 a.m., local time, and a quorum was declared present. The Agenda and list of attendees are attached as **Exhibits A** and **B**, respectively. He welcomed to the meeting FERC Commissioners John Norris and Cheryl LaFleur.

### **NERC Antitrust Compliance Guidelines**

David Cook, senior vice president and general counsel, directed participants' attention to the NERC Antitrust Compliance Guidelines included in the agenda.

### **Executive Session**

Chairman Anderson reported that, as is its custom, the board met in executive session before the open meeting, without the chief executive officer present, to review management activities.

### **Consent Agenda**

On motion of President and CEO Gerry Cauley, the board approved the consent agenda, as follows:

### **Minutes**

The board approved the following draft minutes (**Exhibit C**):

- March 10, 2011 Conference Call
- February 17, 2011 Meeting

### **Committee Membership Appointments and Charter Changes**

The board approved the proposed nominations to the membership of the Compliance and Certification Committee and the Planning Committee (**Exhibit D**).

### **Member Representatives Committee Members to Board Nominating Committee**

On the recommendation of MRC Chair William Gallagher and the motion of Gerry Cauley, the board appointed the following representatives from the Member Representatives Committee to serve on the 2011 Board of Trustees Nominating Committee:

- William J. Gallagher – TAPS and MRC Chair
- Scott M. Helyer – Tenaska, Inc. and MRC Vice Chair
- John A. Anderson – ELCON
- Craven Crowell – Texas Reliability Entity
- Carol Chinn – American Transmission Company

### **Future Meetings**

In an effort to effectively manage Trustees, NERC Staff, and Stakeholders' schedules, and to ensure a balance of meeting locations within the U.S. and Canada, a slate of meeting dates through February 2014 was presented to and approved by the board.

**(Exhibit E)**

### **Remarks by Commissioners John Norris and Cheryl LaFleur**

Commissioner John Norris thanked the board for the invitation to attend and reminded both the board and the stakeholders that he is always available to discuss any items of concern and he was glad to be back on track for attending the meetings.

Commissioner LaFleur also thanked the board for the invitation to attend and provided comments on the compliance backlog, noting there is a lot of work to be done but she believes that progress is being made and she looks forward to FERC assisting, as applicable in helping to reduce the backlog. She also commented that she met with Allen Mosher, Chair of the Standards Committee, to discuss the standards prioritization tool and feels it is a great tool. In conclusion, Commissioner LaFleur stated she was very happy to hear Mr. Cauley comment at the MRC Meeting that he believes the relationship between the ERO and FERC is continuing to improve as she and Commissioner Norris do as well.

### **President's Report**

Mr. Cauley thanked Commissioners Norris and LaFleur for taking time to attend the board meeting. Mr. Cauley focused his report on reliability and accountability. Mr. Cauley stated reliability and accountability are words that resonate in everything the ERO does. Reliability is achieved through NERC's mandatory standards, assessments, and culture of being a learning industry. To achieve NERC's mission, NERC has accountability to the government, the industry and, ultimately, the consumer. Conceptually, NERC is there, but results are key, Mr. Cauley added.

Further, Mr. Cauley stated, “Building the electric reliability organization (ERO) is everyone’s job”. “NERC staff, FERC, and the industry must work together to do what’s necessary and appropriate to ensure the reliability of the bulk power system.”

Mr. Cauley stated the following are some areas that the ERO must focus on in the near-, mid- and long-term future:

- Standards process. The new *Standard Processes Manual* will help expedite this process, along with setting priorities on producing standards that focus on reliability impacts. Setting priorities for the standards is not a goal to be accomplished by NERC alone, but by the industry as a whole. The industry runs the drafting teams and the Standards Committee, and must work on the priorities along with NERC.
- Violations caseload. Development of a new model, focusing on compliance activities balanced with the exercise of enforcement discretion in achieving reliability goals, will help address the growing violations caseload.

In conclusion, Mr. Cauley addressed the 2012 Business Plan and Budget stating the board and NERC management understand the concerns and requested that the Stakeholders continue to submit their comments in writing, being as specific as possible.

### **Reliability Standards**

Herb Schrayshuen, vice president and director of standards, gave a presentation on the Reliability Standards Program (**Exhibit F**) and presented the following items for board action.

### **Rules of Procedure Appendix 3B – Election Procedure for Members of NERC Standards Committee and Standards Committee Charter Revisions (Exhibits G and H, respectively):**

On motion of Gerry Cauley, the board approved the following resolutions:

RESOLVED, that the board approves the proposed *Election Procedure for Members of NERC Standards Committee*, to be included as Appendix 3B to the NERC Rules of Procedure, which will replace the *Election Procedure for Members of NERC Standards Committee* that was approved by the board on November 1, 2005;

FURTHER RESOLVED, that the board also approves the proposed revisions to the Standards Committee Charter to track changes made to Appendix 3B *Election Procedure for Members of NERC Standards Committee*;

FURTHER RESOLVED, that NERC staff shall make the appropriate filings with ERO governmental authorities.



**Rules of Procedure Appendix 3D – Registered Ballot Body Criteria (Exhibit I):**

On motion of Ken Peterson, the board approved the following resolutions:

RESOLVED, that the board approves the proposed *Registered Ballot Body Criteria*, to be included as Appendix 3D to the NERC Rules of Procedure;

FURTHER RESOLVED, that NERC staff shall make the appropriate filings with ERO governmental authorities.

**ReliabilityFirst Corporation Regional Standards Development Procedure Version 3-b**

David Cook presented proposed changes that *ReliabilityFirst* proposed to its regional standards development procedure. Following discussion, on motion of Bruce Scherr, the board approved the following resolutions (**Exhibit J**):

RESOLVED, that the board approves the proposed *ReliabilityFirst* Corporation Regional Standards Development Procedure Version 3-b, to replace the *ReliabilityFirst* Corporation Regional Standards Development Procedure Version 3 as part of the Revised Amended and Restated Delegation Agreement that NERC has with *ReliabilityFirst*;

FURTHER RESOLVED, that NERC staff shall make the appropriate filings with ERO governmental authorities.

**Revised Bylaws of Northeast Power Coordinating Council**

David Cook presented proposed changes that NPCC proposed to its bylaws. Following discussion, on motion of Paul Barber the board adopted the following resolution (**Exhibit K**):

WHEREAS, on March 16, 2011, the Northeast Power Coordinating Council (“NPCC”) requested, subject to necessary approvals by the Members and Board of NPCC, that NERC approve certain amendments to its bylaws and related amendments to the NPCC regional standards development procedure and NPCC compliance monitoring and enforcement program, as set forth in Exhibit A to this resolution, which are Exhibits B, C, and D to the Amended and Restated Delegation Agreement Between NERC and NPCC, (collectively, the “Amendments”), and file them with the Federal Energy Regulatory Commission (“the Commission”) for approval; and

WHEREAS, on April 12, 2011 the Members of NPCC adopted the amendments to the NPCC bylaws and on May 3, 2011 the Board of NPCC approved the related amendments to the NPCC regional standards development procedure and compliance monitoring and enforcement program; and



WHEREAS, the NERC Board of Trustees finds that NPCC followed appropriate procedures in adopting the Amendments and that the Amendments are consistent with NPCC's obligations and responsibilities under the delegation agreement between NERC and NPCC and otherwise meet the requirements set forth in 18 C.F.R. §39.10 of the Commission's regulations;

RESOLVED, that the NERC Board of Trustees approves the Amendments and directs that they be filed with the Commission for approval.

**Amendments to NPCC and WECC Revised Delegation Agreements and NPCC/WECC Agreement Relating to CEA Functions**

David Cook presented a proposal for NPCC to take over responsibility from NERC as the Compliance Enforcement Authority for registered entity functions being performed by WECC. Following discussion, on motion of Paul Barber the board adopted the following resolution (**Exhibit L**):

WHEREAS, the Corporation is authorized by Section 215 of the Federal Power Act, 18 C.F.R. §39.8, and Section 1200 of the Corporation's Rules of Procedure, to enter into, subject to approval of the Federal Energy Regulatory Commission ("Commission"), agreements to delegate the Corporation's authority as the Electric Reliability Organization to regional entities for the purpose of proposing reliability standards to the Corporation and enforcing compliance with reliability standards; and

WHEREAS, the Corporation has entered into Revised Amended and Restated Delegation Agreements with Northeast Power Coordinating Council ("NPCC") and Western Electricity Coordinating Council ("WECC") by which the Corporation has delegated to NPCC and WECC authority as the regional entity for the region described in Exhibit A to their respective agreements, which agreements, as amended from time to time, have been approved by the Commission; and

WHEREAS, WECC is also registered for certain functions on the NERC Compliance Registry (the "WECC registered entity functions"); and

WHEREAS, the Corporation has entered into an agreement (the "NERC-WECC CEA Agreement") whereby the Corporation now serves as the compliance enforcement authority for WECC registered entity functions, which agreement has been approved by the Commission; and

WHEREAS, WECC is desirous of having NPCC serve as the compliance enforcement authority with respect to WECC registered entity functions and NPCC is willing and has agreed pursuant to the terms of an agreement that NPCC has negotiated with WECC ( the "NPCC-WECC CEA Agreement" ); and

WHEREAS, in order to provide NPCC with the authority to serve as the compliance enforcement authority for the WECC registered entity functions it is necessary to amend the existing delegation agreements that the Corporation has with NPCC and WECC; and

WHEREAS, it is necessary and appropriate for the Corporation and WECC to terminate the NERC-WECC CEA Agreement, to be effective when NPCC assumes the responsibility compliance enforcement authority for the WECC registered entity functions, by means of a termination agreement (the "Termination Agreement"); and

WHEREAS, the officers and staff of the Corporation have reviewed the proposed agreement between NPCC and WECC, the proposed amendments to the existing delegation agreements that the Corporation has with NPCC and WECC, and the proposed resources, plans and operations of NPCC to serve as the compliance enforcement authority for the WECC registered entity functions, and have advised the Board that NPCC will satisfy the requirements for serving as the compliance enforcement authority for the WECC registered entity functions as specified in Section 215 of the Federal Power Act, 18 C.F.R. §39.8, applicable orders of the Commission, and applicable provisions of the Corporation's Rules of Procedure; and

WHEREAS, before the proposed amendments to the existing NPCC and WECC delegation agreements, the proposed agreement between NPCC and WECC for NPCC to serve as the compliance enforcement authority for WECC registered entity functions and the proposed Termination Agreement can take effect, they must be approved by the Commission,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE CORPORATION:

1. Subject to the approval of the Commission, the revised delegation agreements the Corporation has with NPCC and WECC, in substantially the form attached to this resolution as Exhibits A-1 and A-2, to delegate the authority to NPCC to serve as the compliance enforcement authority for the WECC registered entity functions, as more fully set forth in such agreements, are approved.
2. Subject to approval of the Commission, the proposed agreement between NPCC and WECC is approved, in substantially the form attached to this resolution as Exhibit B.
3. Subject to approval of the Commission, the proposed termination agreement is approved, in substantially the form attached to this resolution as Exhibit C.
4. The officers of the Corporation are authorized and directed to submit the proposed revised delegation agreements with NPCC and WECC, the proposed agreement between NPCC and WECC, and the proposed termination agreement to the Commission for approval.

5. The officers and staff of the Corporation are authorized and directed to take such other actions on behalf of the Corporation as are reasonably necessary to carry out these resolutions.

### **NERC Membership**

David Cook presented a plan for updating the NERC membership roster. Following discussion, on motion of Tom Berry, the board approved the following resolution:

RESOLVED, that the board approves the proposed plan for updating the NERC membership roster, including the online form of the membership agreement, the date of June 1, 2011 as the date the Corporate Secretary shall send notice of the requirement to renew a NERC membership and September 1, 2011 as the date after which a member that has not renewed its membership may be removed from the NERC membership roster.

### **Regulatory Update**

Janet Sena, vice president and director of policy and external affairs provided an update on current regulatory items. Ms. Sena also reviewed the recent testimony that Gerry Cauley has given on cyber security legislation. Ms. Sena stated that this testimony was to help educate the public on NERC's involvement with regard to cyber security from a standards perspective and vulnerabilities. Ms. Sena and Mr. Cauley believe that education is most beneficial and they continually seek ways to provide information to the industry and public.

### **North American Transmission Forum's Role in Reliability**

Mr. Cauley introduced Don Benjamin, executive director of the North American Transmission Forum and provided some background on his presentation to the board. Mr. Cauley stated the Commission had recently inquired regarding the role of the forum and its compatibility with the ERO's goals, as there were similar themes such as reliability excellence. The Commission requested that NERC ensure the goals were complimentary and not competing. Mr. Cauley held a meeting with Mr. Benjamin to begin the work as requested and in the course of the meeting, Mr. Benjamin was invited to address the board to provide a formal introduction on the North American Transmission Forum.

Mr. Benjamin gave an overview of the Forum, its focus on best practices, and how it works with NERC to ensure its data collection structure is compatible with NERC's Transmission Availability Data System. Mr. Benjamin's presentation is attached as **Exhibit M**.

## Committee, Group, and Forum Reports

### Compliance and Certification Committee

Chair Clay Smith's report summarized the key activities of the Compliance and Certification Committee (CCC) and its associated subgroups in support of the NERC mission and goals and the CCC charter. The CCC is in the process of reviewing 2010 self-certifications received from NERC, is preparing for spots checks of NERC's Compliance Monitoring and Enforcement

Program and Reliability Standards applicable to NERC in the fall of 2011, and is beginning to work with NERC staff in reviewing proposed Rules of Procedure changes anticipated to be made late fall 2011. Mr. Smith's full report is attached as **Exhibit N**.

Additionally, Mr. Smith presented the 2011 Work Plan of the CCC for board approval. Following a discussion between Chair Smith and trustees, on motion of Paul Barber, the board approved the 2011 Work Plan of the Compliance and Certification Committee.

### Critical Infrastructure Protection Committee

Barry Lawson, Chair, provided a brief overview of the summary report presented to the board in advance of the meeting (attached as **Exhibit O**). Highlights of the CIPC activities are:

1. *Business Continuity Guideline Task Force (BCGTF)*. The BCGTF is currently assigned the task of updating and combining three CIPC business continuity-related guidelines into one electricity sector-specific guideline for industry use. The BCGTF recently submitted the draft revised guideline to CIPC for comment and is currently reviewing those comments as it prepared a revised draft guideline.
2. *Control Systems Security Working Group (CSSWG)*. The CSSWG is currently assigned the task of updating and combining nine CIPC control system-related guidelines into one or two electricity sector-specific guidelines for industry use. The CSSWG has also been assigned the work of the Cyber Attack Task Force (CATF) under the Coordinated Action Plan mentioned above. Work on the CATF assignment is the top priority of the CSSWG and work is proceeding on schedule.
3. *Protecting Sensitive Information Guideline Task Force (PSIGTF)*. The PSIGTF is currently assigned the task of updating the CIPC Protecting Sensitive Information Guideline to take into consideration recent developments and to make it more electricity sector-specific. The PSIGTF is very close to submitting the draft revised guideline to CIPC for comment.
4. *Substation Guideline Task Force (SGTF)*. The SGTF is currently assigned the task of updating the CIPC Physical Security Substation Guideline to take into consideration recent developments and to make it more electricity sector-specific.

5. *Future working groups or task forces* will be created as needed to address other guidelines that need to be updated, to complete work related to the Coordinated Action Plan Report and to provide support to new or ongoing standards development work as requested by the NERC Standards Committee.

#### **Member Representatives Committee**

Chair Bill Gallagher reported to the board a summary of the matters presented during the Member Representatives Committee. Mr. Gallagher also clarified that two members of the Board of Trustees sit on the Bulk Electric System Task Force, Vicky Bailey and Ken Peterson.

#### **Operating Committee**

Chair Sam Holeman provided a summary report on the key activities of the Operating Committee (OC) and its associated subcommittees in support of the NERC and OC mission and corporate goals. The full report is attached as **Exhibit P**. Mr. Holeman also provided a follow-up to Trustee David Goulding's question at the February 2011 Board of Trustees meeting regarding supervision of system operators and independent supervisors.

#### **Personnel Certification Governance Committee**

The Personnel Certification Governance Committee written report is attached as **Exhibit Q**.

#### **Planning Committee**

Chair Tom Burgess reported on the key activities of the Planning Committee (PC) and its associated subcommittees in support of the NERC and PC mission and corporate goals. The full report is attached as **Exhibit R**.

#### **Standards Committee**

Chair Allen Mosher provided an overview of the Standards Committee (SC) activities. Mr. Mosher reviewed the SC's proposed set of changes to both its charter and election procedure. The most significant change to both documents is a modification to the staffing of the SC such that the chair and vice chair are elected to represent the ERO enterprise as a whole, and not to represent the interests of specific industry segments in the Registered Ballot Body. Mr. Mosher stated with this change the chair and vice chair will have no voting privileges within full committee meetings and that this change will ensure that all industry segments have two SC members who represent their industry segment without any conflict of interest. The Standards Committee full report is attached as **Exhibit S**.

### **Electricity Sub-Sector Coordinating Council**

Stuart Brindley, consultant to NERC, summarized the key activities of the Electricity Sub-sector Coordinating Council (ESCC) to include highlights from the meetings held by the ESCC on March 15, 2011. Mr. Brindley note that during the recent ESCC meeting in March, the ESCC members met with senior officials from the U.S. Department of Energy, Department of Homeland Security, and Department of Defense and discussed the critical infrastructure initiatives underway by NERC and the electricity industry. Government officials expressed support for and appreciation of the extent to which NERC and the industry are taking action. The ESCC's full report to the board is attached as **Exhibit T**.

### **Regional Entity Management Group**

Tim Gallagher reported on the key activities of the Regional Entity Management Group highlighting such areas as the REMG's support of NERC's efforts to develop a single definition of the Bulk Electric System, the collaborative work by NERC and the Regional Entities on the Regional Delegation Agreement Metrics, and the collaborative work with NERC on common assumptions for the 2012 Business Plans and Budgets enabling NERC and the Regional Entities to develop the different plans from a common foundation. The full report is attached as **Exhibit U**.

### **North American Generator Forum**

Mark Bennett reported on the key activities of the North American Generator Forum (NAGF) highlighting two items: the NAGF membership and the first NAGF Annual All-Members Meeting. Mr. Bennett stated the NAGF now has 480 members, which is an increase of 50 members since the board meeting in February, and it continues to attract new members from over 200 companies. With the increase in membership, the NAGF will hold its first Annual All-Members Meeting in Las Vegas, Nevada tentatively set for September 20-21, 2011. The Steering Committee is developing ideas for panel discussions, and intends to conduct break-out sessions for newly established working groups in the following areas: solar/wind; compliance programs/cultures; the GOP/TOP project; and operational/reliability excellence. Mr. Bennett stated among the groups whose participation would help provide a meaningful event are regulators, consultants and technical experts, equipment manufacturers, and company executives and that the Steering Group would be reaching out to NERC and FERC executives over the next couple weeks to gauge availability. The full report to the board is attached as **Exhibit V**.

## **Board Committee Reports**

### **Corporate Governance and Human Resources**

Chair Janice Case provided a summary report of the Corporate Governance and Human Resources Committee (CGHRC) closed and open meetings held on May 10. Ms. Case stated in closed session the committee reviewed NERC's 401k plan to ensure it is performing as it should, that steps are in place to meet all risk requirements, and that there is an appropriate range of choices. The committee determined all is in order. In open session, the committee further reviewed the Self-Assessment surveys that were completed by the BOT and MRC on the BOT effectiveness concentrating on eight specific questions and their scores. Ms. Case requests MRC members to submit any comments that they may have.

Chair Case reviewed the proposed changes to the CGHRC mandate. On motion by Chair Case, the board adopted the following resolution:

RESOLVED, that the board approves the proposed changes to the mandate of the Corporate Governance and Human Resources Committee. **(Exhibit W)**

### **Compliance**

Chair Bruce Scherr provided a brief report and overview of the activities of the Compliance Committee and its open session on May 10. Chair Scherr stated that the committee is working hard to reduce the compliance backlog.

### **Finance and Audit**

Chair Fred Gorbet provided a summary report of the meetings of the Finance and Audit committee to include an update on NERC's auditors and year-end audited financial statements, an update on the progress of the NERC 2012 Business Plan and Budget, and an update on the internal controls initiative document. Chair Gorbet requested that the stakeholders continue to provide specific comments regarding the 2012 Business Plan and Budget to Mike Walker. Mr. Gorbet also requested the stakeholders to review and submit comments on the internal controls initiative document that was included in the Finance and Audit Committee Agenda Package.

On motion of Fred Gorbet, the board adopted the following resolution:

RESOLVED, that the board approves the NERC 2010 year-end audited financial statements, subject to the receipt of a final report from the corporation's independent auditor substantially in the form presented at the FAC meeting and included in the FAC and BOT materials.



On motion of Fred Gorbet, the board adopted the following resolution:

RESOLVED, that the board accepts the NERC 2011 first quarter unaudited financial statements.

**Standards Oversight and Technology**

Chair Ken Peterson provided a brief report of the activities of the Standards Oversight and Technology Committee and its open session on May 10. Mr. Peterson provided a status on Standards Interpretations, as well as a Reliability Tools update.

**Closing**

Chair Anderson thanked Commissioners Norris and LaFleur for their time and stated he looks forward to the continued collaboration with FERC and the industry. He reconfirmed that the policy input is beneficial to the board and requests that the industry members continue to submit their comments.

**Adjournment**

There being no further business, Chair Anderson terminated the meeting at 11:21 a.m.

Submitted by,



David N. Cook  
Corporate Secretary

**Standing Committee Membership Changes**

**Action**

Approve the following committee membership appointments and changes.

**Compliance and Certification Committee**

- Small End-Use Electricity Customer Sector — Mr. Kevin Conway for a three-year term beginning August 4, 2011.
- Federal Power Marketing Administration Sector — Mr. John Hairston for a three-year term beginning August 4, 2011.
- RE-TRE Position — Charles B. Manning, Jr., Vice President, Chief Compliance Officer, ERCOT
- RE-SERC Position — Gregory D. Pierce, Director, Transmission Compliance, Entergy Corporation
- Transmission Dependent Utility Sector Position — Mark Ringhausen, Director of Transmission, Old Dominion Electric Cooperative
- Investor Owned Utility Sector Position — Howard Rulf, Manager, Compliance & Training, Wisconsin Electric Power Company

**Operating Committee Election Results — Term 2011–2013**

| Sector  | Elected Members                | Company                                   |
|---|--------------------------------|---|
| 1. Investor-owned utility   | Jim Case                       | Entergy Services, Inc                     |
| 2. State/municipal utility  | Doug Peterchuck                | Omaha Public Power District               |
| 3. Cooperative utility  | Keith Carman                   | Tri-State G&T Association Inc.            |
| 4. Federal or provincial utility/Federal Power Marketing Administration | Canadian: Tom Irvine           | Hydro One Networks, Inc.                  |
|   | U.S.: James R. (Bob) Dalrymple | Tennessee Valley Authority                |
| 5. Transmission dependent utility                                       | Dennis Florum                  | Lincoln Electric System                   |
| 6. Merchant electricity generator                                       | James Thompson                 | Constellation Energy Control and Dispatch |
| 7. Electricity marketer   | Jean Nitz                      | ACES Power Marketing                      |
| 8. Large end-use electricity customer                                   | John Anderson                  | Electricity Consumers Resource Council    |
| 9. Small end-use electricity customer                                   | Michael Goggin                 | American Wind Energy Association          |

| Sector  | Elected Members           | Company  |
|---|---------------------------|--|
| 10. Independent system operator/regional transmission organization <sup>1</sup> | James Castle<br>Bruce Rew | New York Independent System Operator<br>Southwest Power Pool, Inc. |
| 12. State government  | No nominations received   |  |
| Chairman  | Tom Bowe                  | PJM Interconnection  |
| Vice Chairman   | Jim Castle                | New York Independent System Operator <sup>2</sup>                  |

### Planning Committee Election Results — Term 2011–2013

| Sector  | Elected Member   |
|---|--|
| 1. Investor-owned utility   | Kenneth Donohoo, Oncor Electric Delivery Company LLC                                     |
| 2. State/municipal utility  | Brian Keel, Salt River Project   |
| 3. Cooperative utility  | Paul McCurley, National Rural Electric Cooperative Association                           |
| 4. Federal or provincial utility/Federal Power Marketing Administration | Gayle R. Nansel, Western Area Power Administration<br>Bing Young, Hydro One Networks Inc |
| 5. Transmission dependent utility                                       | Tom Reedy, Florida Municipal Power Agency  |
| 6. Merchant electricity generator                                       | Kris Zadlo, Invenergy  |
| 7. Electricity Marketer   | Jason Marshall, ACES Power Marketing   |
| 8. Large end-use electricity customer                                   | No nominations received.   |
| 9. Small end-use electricity customer                                   | Darryl Lawrence, Pennsylvania Office of Consumer Advocate                                |
| 10. Independent system operator/regional transmission organization      | Mark Westendorf, Midwest ISO   |
| 11. Regional Reliability Organization                                   | None – All members are appointed by their region.  |
| 12. State Government  | S. Parveen Baig, Iowa Utilities Board  |
| Chairman  | Jeff Mitchell, ReliabilityFirst Corporation  |
| Vice Chairman   | Ben Crisp, Progress Energy Florida   |

<sup>1</sup> If the Board of Trustees approves Mr. Castle as vice chairman, see Footnote 2, Mr. Rew will become the Sector 10 representative. If the Board of Trustees does not approve Mr. Castle as vice chairman, he will remain as the Sector 10 representative.

<sup>2</sup> Jim Castle, New York Independent System Operator, was elected by Operating Committee as vice chair, contingent upon Board of Trustees' approval of a two year waiver of the following sentence from Section 5, paragraph 1, of the Operating Committee's charter, dated February 16, 2010: The newly elected chairman and vice chairman shall not be representatives of the same sector.

## Future Meetings

### Action

None

### Summary

The below are the future meetings as approved by the board on May 11, 2011.

### 2011

November 2-3            Atlanta, GA

### 2012 Dates

February 8-9            Phoenix, AZ

May 8-9                 Baltimore/Washington, DC area

August 15-16            Quebec City, Canada

November 6-7            New Orleans, LA

### 2013 Dates

February 6-7            San Diego, CA

May 8-9                 Philadelphia, PA

August 14-15            Montreal, Canada

November 6-7            Atlanta, GA

### 2014 Dates

February 5-6            Phoenix, AZ

## Reliability Standards

### Action

Approve or discuss reliability standards and plans as follows:

- a. **Project 2006-02 Assess Transmission Future Needs and Develop Transmission Plans**
  1. TPL-001-2 – Transmission System Planning Performance Requirements — **Approve**
- b. **Project 2006-06 Reliability Coordination**
  1. IRO-002 -3 — Reliability Coordination – Analysis Tools — **Approve**
  2. IRO-005-4 — Reliability Coordination - Current Day Operations — **Approve**
  3. IRO-014-2 — Coordination Among Reliability Coordinators — **Approve**
- c. **Overview of Selected Standards in Process – Regulatory and Development Issues — Discuss**
  1. FAC-003 – Development Status and Issues
  2. TPL-Footer B – Regulatory Status and Issues
  3. CIP-002 -4 – Regulatory Status and Issues

## 5a.1 Project 2006-02 Assess Transmission Future Needs and Develop Transmission Plans

### Action

Approve the following standards documents and direct staff to file with applicable regulatory authorities:

- **Reliability Standard TPL-001-2 – Transmission System Planning Performance Requirements** effective consistent with the Implementation Plan for TPL-001-2  
[\[TPL-001-2 Clean\]](#) \*Redline unavailable – due to extent of revisions (six standards combined into one)

Clean versions of previously approved standards merged into TPL-001-2:

[\[TPL-001-1\]](#) [\[TPL-002-1b\]](#) [\[TPL-003-1a\]](#) [\[TPL-004-1\]](#) [\[TPL-005-0\]](#) [\[TPL-006-0.1\]](#)

- **Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) for TPL-001-2:**  
[\[VRFs and VSLs\]](#)

- **Implementation Plan for TPL-001-2:** [\[Implementation Plan\]](#)

The effective date for TPL-001-2 is phased in over two years, with the requirements associated with establishing responsibility for conducting the assessments and maintaining the models (Requirements R1 and R7) effective 12 months after regulatory approval (or after board approval where regulatory approval is not required); and all other requirements effective 24 months after regulatory or board approval.

Entities need the 24-month period to develop, perform and/or validate new and/or modified studies, methodologies, assessments, procedures, etc. necessary to implement and meet the TPL-001-2 requirements and allow sufficient time for assessment of the options necessary to create a viable Corrective Action Plan compliant with the new Standard. There are several performance criteria in TPL-001-2 that “raise the bar” from what is required today; after 84 months following applicable approvals, entities may no longer include tripping of Non-Consequential Load and curtailment of Firm Transmission Service that would not otherwise be permitted by the requirements of TPL-001-2.

- **Definitions:** [\[New Definitions\]](#)
  - Bus-tie Breaker
  - Consequential Load Loss
  - Long-Term Transmission Planning Horizon
  - Non-Consequential Load Loss
  - Planning Assessment

All five definitions become effective the first day of first calendar quarter 12 months after applicable regulatory approval; where regulatory approval is not required, all five definitions become effective 12 months after board adoption.

## Retirements

Retire the following standards midnight of the day immediately prior to the effective date of TPL-001-2:

- TPL-001-1 — System Performance Under Normal (No Contingency) Conditions (Category A)
- TPL-002-1b — System Performance Following Loss of a Single BES Element (Category B)
- TPL-003-1a — System Performance Following Loss of Two or More Bulk Electric System Elements (Category C)
- TPL-004-1 — System Performance Following Extreme Events Resulting in the Loss of Two or More Bulk Electric System Elements (Category D)
- TPL-005-0 — Regional and Interregional Self-Assessment Reliability Reports
- TPL-006-0.1 – Data From the Regional Reliability Organization Needed to Assess Reliability

## Background

TPL-001-2 serves as the foundation standard for annual planning assessments conducted by Planning Coordinators and Transmission Planners to determine if the North American bulk power system is expected to operate reliably under a range of potential contingencies.

The proposed standard represents significant revision and improvement relative to the current set of enforceable standards. This project involved upgrading the overall quality of the standards, eliminating gaps in the requirements, eliminating ambiguity, eliminating “fill-in-the-blank” components, and addressing FERC Order No. 693 directives. The new version of the standard:

- Provides a clear statement of what data should be maintained in the models used and requires that the models represent projected system conditions, as well as spelling out those items in the Corrective Action Plan that need to be included (new addition to the standard).
- Requires an annual Planning Assessment that addresses the Near-Term Transmission Planning Horizon and the Long-Term Transmission Planning Horizon for steady state, short circuit, and stability (clarifies the standard).
- Requires sensitivity studies that vary one or more conditions by a sufficient amount to stress the system (new addition to the standard).
- Addresses the impact of unavailability of long lead time equipment based on entity’s spare equipment strategy (new addition to the standard).
- Qualifies when past studies may be used in the Planning Assessment (new addition to the standard).
- Requires the creation of Corrective Action Plans when analysis indicates an inability to meet performance requirements (clarifies the standard).
- For steady state and stability, defines the planning events that must be studied and for which performance must be met (clarifies the standard).



- Describes the extreme events that must be studied (both clarifies the standard and is a new addition to the standard).
- Requires criteria for acceptable voltage limits and deviations (new addition to the standard).
- Requires criteria utilized for the analysis of system instability (new addition to the standard).
- Requires definition of responsibilities for performing required studies (new addition to the standard).
- Requires distribution of Planning Assessments (new addition to the standard).
- Raises the bar on performance of the system above 300 kV (new addition to the standard).

This Reliability Standard responds to 25 directives from Order No. 693. Of that total, 22 are providing proposed responses that generally match the directives in the Order, while three are presenting equal and effective solutions to the directives in the Order. The Standard Drafting Team (SDT) is proposing equal and effective solutions for three directives dealing with the possible planning loss of non-consequential load and firm transfers. The proposed solution from Project 2010-11 for footnote b is included in these standards. Note that NERC will provide an update regarding footnote b later in its presentation.

### **Standard Development Process**

The standard was processed through the normal standards development process, which included six postings for stakeholder comment over a three-year period, an initial ballot, a successive ballot, and a recirculation ballot. The changes made between comment periods improved the clarity of the requirements and modified other requirements. Required performance from this standard is higher than is required today.

The ballot for Project 2006-02 is scheduled to close on July 22, 2011 prior to the Board of Trustees meeting.

There were several minority issues raised that were not resolved as identified below:

- Issue: Interchange should not be modeled because it is an economic issue and not involved in reliability.

Response: The standard requires inclusion of known commitments for interchange and is not for economic purposes, but rather planning to meet obligations

- Issue: Dynamic behavior of Load should not be required in the model, as software is not advanced enough in this area to be accurate.

Response: Correct modeling of the characteristics of Load is an important aspect of having an accurate model; the requirement to represent the dynamic behavior of the Load is needed to ensure BES reliability.

- Issue: Distribution of Planning Assessments should not be required, as it creates a large workload for entities involved.

Response: The standard only requires distribution of the Planning Assessment, which should not require a large amount of work; posting the Planning Assessment could meet the requirement to distribute.

- Issue: TPL-001-2 should not move forward until footnote 'b' is resolved with the FERC.

Response: Any changes brought about by FERC actions can easily be folded back into TPL-001-2; the improvements to system planning associated with approval of the new standard should not be delayed.

### **Proposed VRFs and VSLs**

The non-binding poll of VRFs and VSLs achieved a quorum with 86.79 percent of those who registered to participate providing an opinion and 71.9 percent of those who provided an opinion indicated support for the VRFs and VSLs that were proposed. NERC standards staff made two minor grammatical modifications to the VRFs and VSLs that stakeholders identified during the non-binding poll.

A link to the project history and files is included here for reference:

<http://www.nerc.com/filez/standards/Assess-Transmission-Future-Needs.html>

## 5b.1 Project 2006-06 Reliability Coordination – IRO-002-3

### Action

Approve the following standards documents and direct staff to file with applicable regulatory authorities:

- **Reliability Standard IRO-002-3 – Reliability Coordination — Analysis Tools**  
[\[IRO-002-3-Clean\]](#) [\[IRO-002-3-Redline\]](#)
- **Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) for IRO-002-3**  
[\[VRFs and VSLs\]](#)
- **Implementation Plan for IRO-002-3**

The effective date for IRO-002-3 is the first day of the first calendar quarter 12 months after applicable regulatory approval or where no regulatory approval is applicable, the first day of first calendar quarter 12 months after Board of Trustees approval.

[\[Implementation Plan\]](#)

### Retirement

Retire the following standard at midnight of the day immediately prior to the effective date of IRO-002-3:

- **IRO-002-2 – Reliability Coordination — Analysis Tools**

### Background

Project 2006-06 Reliability Coordination was initiated as part of the five-year review cycle to review, modify, and improve the overall quality of existing requirements. IRO-002 addresses Reliability Coordinator actions to prevent instability, uncontrolled separation or cascading outages. The Standard Drafting Team (SDT) worked with industry stakeholders and identified six requirements from IRO-002-2 that were no longer needed and could be retired.

Several of the requirements in IRO-002-2 focus on having basic capabilities and functionality. Collecting and retaining evidence to demonstrate that these basic capabilities remain in place throughout the operating day for the entire audit period is cumbersome. Instead, these basic capability requirements should be verified when an entity applies for certification to assume the Reliability Coordinator function, and have been proposed for retirement.

Additionally, several requirements in IRO-002-2 identify basic activities, such as real-time monitoring. While real-time monitoring is a very important task, requirements for monitoring are challenging to document from an evidence retention perspective and are already measured through other higher-level performance based requirements. There are several performance-based requirements that cannot be achieved without active monitoring or without using the basic tools identified in IRO-002-2. These basic capability requirements are considered lower level facilitating requirements, and have also been proposed for retirement, as they are more efficiently addressed through other performance-based requirements.

The SDT retained and improved the two remaining requirements from IRO-002-2. These requirements have been improved in the proposed IRO-002-3 by adding more specificity regarding obligations for controlling maintenance of the system operator's analysis tools.

## **Directives**

There is a directive associated with the revisions to IRO-002 to require a minimum set of tools be made available to system operators working for the Reliability Coordinator functional entity. There are two aspects to this directive – to ensure that the system operators have a minimum set of tools, and to ensure that the tools are under the system operator’s control. The second part of this directive has been met in the two requirements remaining in the standard.

With regard to the first part of this directive, the current IRO-002-2 standard is proposing to remove several requirements as described above, and as discussed, several of these requirements deal with items that are better addressed through other existing performance based requirements. Reliability Coordinators, Balancing Authorities, and Transmission Operators already have the tools they need to meet these performance-based requirements. To the extent they do not, they will fail the performance-based requirements, as they cannot be met lacking the lower-level capabilities and functions. Further review and discussion of this issue will occur as part of Project 2009-02 – Real-time Monitoring and Analysis Capabilities. At that time, additional consideration will be given to identify specific tool obligations, as well as whether those obligations belong in a standard or in some other program, such as certification.

## **Standard Development Process**

The standard was processed through the full standards development process, including postings for two formal comment periods, an initial ballot, and a recirculation ballot. The Standard was posted for the first comment period August 5–September 16, 2008. The SDT received minimal comments on the proposed Standard. Based on coordinating with other standards development activities, the SDT moved the sole requirement, relating to outages of analysis tools, to IRO-001-2 to eliminate the IRO-002-1 Standard. The second posting and initial ballot occurred January 18–March 7, 2011. Based on concerns identified, the SDT moved the requirement relating to outages of analysis tools back into IRO-002-2 for this posting. Two distinct requirements were developed to address analysis tool outages. The standard was initially balloted as part of a large set of standards, but then removed and subjected to its own recirculation ballot. The Standards Committee authorized this action since there were no comments in the initial ballot that led to significant revisions to IRO-002-3. The ballot for Project 2006-02 is scheduled to close on July 25, 2011 prior to the Board of Trustees meeting.

## **Unresolved Minority Issues**

**Elimination of Monitoring Requirement:** Several entities expressed concern about eliminating the real-time requirement to monitor several parameters. Adherence to reliability standards that require monitoring are challenging to document from an evidence retention perspective and are already measured through other higher-level performance based requirements. With IRO-014 and IRO-001 R1 in place, monitoring is a secondary task that is inherent in responding to situations or events that could have an adverse impact on reliability.

Some stakeholders recommended retiring the requirement to give the Reliability Coordinator veto power over analysis tool outages. The SDT declined to delete R2 as it was related to a specific issue associated with the 2003 Blackout.

**Standards Staff View of VRFs and VSLs**

The non-binding poll of VRFs and VSLs is scheduled to conclude on July 25, 2011. NERC standards staff is not recommending any modifications be made to the VRFs and VSLs that were posted for the non-binding poll.

A link to the project history and files is included here for reference:

[\[Project 2006-06, Reliability Coordination\]](#)

## 5b.2 Project 2006-06 Reliability Coordination- IRO-005-4

### Action

Approve the following standards documents and direct staff to file with applicable regulatory authorities:

- **Reliability Standard IRO-005-4 – Reliability Coordination — Current Day Operations**  
[\[IRO-005-4 -Clean\]](#)  
[\[IRO-005-4-Redline\]](#)
- **Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) for IRO-005-4**  
[\[VRFs and VSLs\]](#)
- **Implementation Plan for IRO-005-4**  
*Effective date:* The standard should become effective on the first day of first calendar quarter 12 months after applicable regulatory approval or where no regulatory approval is applicable, first day of first calendar quarter 12 months after Board of Trustees approval  
[\[Implementation Plan\]](#)

### Retirements

Retire the following standard at midnight of the day immediately prior to the effective date of IRO-005-4.

- **IRO-005-3a – Reliability Coordination — Current Day Operations**

### Revised Definition of Adverse Reliability Impact

[\[Clean and Redline\]](#)

The Standard Drafting Team (SDT) revised the definition to more fully address events that result in instability or cascading. The previously approved definition contained specific instances that could result in instability or cascading but was limited only to these types of events. The proposed definition now includes any event that results in instability or cascading. The scope of the definition has been expanded to improve reliability.

### Background

Project 2006-06 Reliability Coordination was initiated as part of the five-year review cycle to review, modify, and improve the overall quality of existing requirements that address reliability coordinator actions to prevent instability, uncontrolled separation or cascading outages. IRO-005 ensures that key entities are notified of expected or actual events with Adverse Reliability Impacts.

The requirements in the original standard were translated from Operating Policies as part of the Version 0 process. As part of the five-year review cycle, the SDT worked with stakeholders to propose retirement of 11 of the 12 requirements in IRO-005-3a. Several of the requirements in IRO-005-3a identify basic activities, such as real-time monitoring. While real-time monitoring is a very important task, requirements for monitoring are challenging to document from an evidence retention perspective and are already measured through other higher-level performance based requirements. Accordingly, these requirements have been recommended for retirement.

Additionally, several of the requirements in IRO-005-3a are redundant with other requirements in other standards. These requirements have also been recommended for retirement.

One remaining requirement, R12, was retained. Originally a compound requirement, it was divided into two distinct requirements for improved clarity. These two revised requirements coordinate with the previously approved IRO-008-1 - Reliability Coordinator Operational Analyses and Real-time Assessments. IRO-005-4 Requirement R1 expands on what is required in IRO-008-1 by mandating that the Reliability Coordinator notify all Transmission Operators and Balancing Authorities in its area when a study or analysis shows that there may be an Adverse Reliability Impact. Similarly, IRO-005-4, Requirement R2 mandates that the Reliability Coordinator notify its Balancing Authorities and Transmission Operators when an Adverse Reliability Impact has been mitigated for improved situational awareness.

### **Directives**

There was one directive associated with the revisions to IRO-005: a directive to add measures and levels of non-compliance to the standard. The revisions to the standard are responsive to this directive as they include Measures and Violation Severity Levels (which replace levels of non-compliance) for each of the proposed requirements.

### **Standard Development Process**

The standard was processed through the full standards development process, including postings for three formal comment periods, an initial ballot, and a recirculation ballot. The two requirements in IRO-005-4 were originally posted in IRO-001-2, then moved back into IRO-005-4. The two requirements were posted in IRO-001-2 for two comment periods, from August 5–September 16, 2008 and from July 10–August 9, 2009. The SDT received minimal comments on the content of the proposed requirements but did receive comments proposing the requirements be moved back into IRO-005. Based on these concerns identified, the SDT moved the requirements relating to notifications for expected or actual instances of Adverse Reliability Impacts back into IRO-005-4 for the third comment period and initial ballot posting. The third posting and initial ballot occurred January 18–March 7, 2011. The proposed standard was initially balloted as part of a set of standards with a single vote for the entire set, but then removed and subjected to its own recirculation ballot. The Standards Committee authorized this action because there were no comments received in the initial ballot that led to significant revisions to IRO-005-4. The ballot for Project 2006-06 is scheduled to close on July 25, 2011 prior to the Board of Trustees meeting.

### **Unresolved Minority issues**

**Elimination of Monitoring Requirement:** Several entities expressed concern about eliminating the real-time requirement to monitor several parameters. Adherence to reliability standards that require monitoring are challenging to document from an evidence retention perspective and are already measured through other higher-level performance based requirements. With IRO-014 and IRO-001 R1 in place, monitoring is a secondary task that is inherent in responding to situations or events that could have an adverse impact on reliability.

Some stakeholders expressed concern regarding the elimination of IRO-005-3a, Requirement R10, which requires that entities that disagree regarding derived limits must operate to the most conservative value. The SDT responded that this was addressed in IRO-014, which states “During each instance where Reliability Coordinators disagree on the existence of an Adverse



Reliability Impact each impacted Reliability Coordinator shall operate as though the problem exists.” While this language is more generic and does not specifically identify derived limits, the SDT believes it encompasses such limits. Additionally, similar language exists in IRO-009-1 R5, which states “If unanimity cannot be reached on the value for an IROL or its Tv, each Reliability Coordinator that monitors that Facility (or group of Facilities) shall, without delay, use the most conservative of the values (the value with the least impact on reliability) under consideration.”

#### **Standards Staff View of VRFs and VSL**

The non-binding poll of VRFs and VSLs was conducted during the recirculation ballot of the associated standard. The ballot for Project 2006-06 is scheduled to close on July 25, 2011 prior to the Board of Trustees meeting. NERC standards staff is not recommending any modifications be made to the VRFs and VSLs that were posted for the nonbinding poll.

A link to the project history and files is included here for reference:

[Project 2006-06, Reliability Coordination](#)

## 5b.3 Project 2006-06 Reliability Coordination – IRO-014-2

### Action

Approve the following standards documents and direct staff to file with applicable regulatory authorities:

- **Reliability Standard IRO-014-2 – Coordination Among Reliability Coordinators**  
[\[IRO-014-2-Clean\]](#)

Clean versions of previously approved standards merged into IRO-014-2:

[\[IRO-014-1\]](#) [\[IRO-015-1\]](#) [\[IRO-016-1\]](#)

- **Reliability Standard IRO-001-2 - Reliability Coordination — Responsibilities and Authorities (Eliminated R7 as a conforming change)**  
[\[Reliability Standard IRO-001-2 - Clean\]](#) [\[Reliability Standard IRO-001-2 - Redline\]](#)
- **Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) for: IRO-014-2**  
[\[VRFs and VSLs – Clean\]](#)
- **Implementation Plan for: IRO-014-2**  
The standard will become effective on the first day of first calendar quarter 12 months after applicable regulatory approval or where no regulatory approval is applicable, first day of first calendar quarter 12 months after Board of Trustees approval.  
[\[Implementation Plan\]](#)

### Retirements

Retire the following standards midnight of the day immediately prior to the Effective Date of IRO-014-2.

- IRO-014-1 - Procedures, Processes, or Plans to Support Coordination Between Reliability Coordinators
- IRO-015-1 – Notifications and Information Exchange Between Reliability Coordinators
- IRO-016-1 – Coordination of Real-time Activities Between Reliability Coordinators

### Revision to Definition

Revised definition of Adverse Reliability Impact

[\[Adverse Reliability Impact Clean and redline to last approval\]](#)

The Standard Drafting Team (SDT) revised the definition to more fully address events that results in instability or Cascading. The previously approved definition contained specific instances that could result in instability or Cascading but was limited only to these types of events. The proposed definition now includes any event that results in instability or Cascading. The scope of the definition has been expanded to improve reliability.

### Background

Project 2006-06 Reliability Coordination was initiated as part of the five-year review cycle to review, modify, and improve the overall quality of existing requirements that address reliability coordinator actions to prevent instability, uncontrolled separation or cascading outages.

The requirements in IRO-014-1 were translated from the Operating Policies as part of the Version 0 process. As part of the five-year review cycle, the SDT worked with stakeholders to improve the overall quality of the standard by eliminating requirements that were duplicative of others or administrative in nature. The SDT also worked to combine the requirements of IRO-014-1, IRO-015-1 and IRO-016-1 into a single standard, since all three standards address some aspect of coordination between Reliability Coordinators.

IRO-014-1 contains four requirements. Requirements R1 and R2 were retained in the proposed IRO-014-2 and improved by adding more specificity regarding obligations for development and implementing Operating Procedures, Operating Processes, and Operating Plans for activities that require notification, exchange of information or coordination of actions that may affect other Reliability Coordinator Areas. Requirements R3 and R4 were retired because they were administrative in nature describing aspects of the required operating plans (such as updating revision dates) but did not contain performance requirements.

IRO-015-1 contains three requirements. Requirements R1 and R2 were moved into the proposed IRO-014-2. Requirement R3 identifies that Reliability Coordinators must provide information to other Reliability Coordinators. This requirement was retired, as it already exists in other standards, including IRO-010-1, Requirement R3.

IRO-016-1 contains only two requirements. Requirement R1 was moved into the proposed IRO-014-2 and divided into separate requirements. The revised requirements improve the clarity of the obligations of the Reliability Coordinator when there is a disagreement between them, and eliminate a compound requirement. Requirement R2 was retired from IRO-016-1 because it was a performance measure of Requirement R1 and does not meet the criteria for a requirement.

In addition to the merging of these standards, IRO-001-1.1 contains one requirement (R7) recommended for retirement. Requirement R7 obligates Reliability Coordinators to have agreements for coordination of operating plans. However, Requirement R1 in the proposed IRO-014-2 also requires Reliability Coordinators to coordinate operating plans. The SDT is recommending the elimination of IRO-001-1.1 Requirement R7 to eliminate this duplication.

There are no directives associated with the revisions to IRO-014, IRO-015, or IRO-016.

### **Standard Development Process**

The standard was processed through the full standards development process, including postings for four formal comment periods, an initial ballot, and a recirculation ballot. The Standard was posted for the first comment period August 5–September 16, 2008. The SDT received comments on the requirements that were incorporated from IRO-016-1. The SDT revised these requirements and reposted the standard July 10–August 09, 2009. The majority of comments were on the aforementioned requirements and these were revised per comments and the third posting was conducted January 4–February 18, 2010. Commenters suggested clarifying language for each requirement. The SDT agreed that these revisions made the standard more robust and included these revisions for the initial ballot posting which occurred January 18–March 7, 2011. The standard was initially balloted as part of a large set of standards, but then removed and subjected to its own recirculation ballot. The Standards

Committee authorized this action since there were no comments in the successive ballot that led to significant revisions to IRO-014. The ballot for Project 2006-06 is scheduled to close on July 25, 2011 prior to the Board of Trustees meeting.

**Unresolved Minority issues:**

Some stakeholders expressed concern regarding the retirement of requirements to operate to the most limiting or conservative parameter (IRO-016-1, R1.3, and IRO-005-3 R10). The SDT has addressed this concern with the proposed requirements for IRO-014-2, R5-R8. In these requirements, the Reliability Coordinator that identifies an Adverse Reliability Impact is required to notify impacted Reliability Coordinators. If two or more Reliability Coordinators disagree on the existence of the Adverse Reliability Impact, then they are required to operate as though it does exist. The Reliability Coordinator that identified the Adverse Reliability Impact is required to develop a mitigation plan and all of the Reliability Coordinators are required to implement that plan. Additionally, similar language exists in IRO-009-1 R5, which states “If unanimity cannot be reached on the value for an IROL or its Tv, each Reliability Coordinator that monitors that Facility (or group of Facilities) shall, without delay, use the most conservative of the values (the value with the least impact on reliability) under consideration.”

**Standards Staff View of VRFs and VSLs**

The non-binding poll of Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) was conducted during the recirculation ballot of the associated standards. The ballot for Project 2006-06 is scheduled to close on July 25, 2011 prior to the Board of Trustees meeting. NERC standards staff is not recommending any modifications be made to the VRFs and VSLs that were posted for the non-binding poll.

A link to the project history and files is included here for reference:

[Project 2006-06, Reliability Coordination](#)

## 5c.1 Overview of Selected Standards in Process – Regulatory and Development Issues

### Action

None

**Review progress of the drafting team in developing:** Project 2007-07 Transmission Vegetation Management [[CLEAN- FAC-003-2](#)]

### Background

Project 2007-07 Vegetation Management was initiated to review and modify FAC-003-1 — Transmission Vegetation Management Program.

FAC-003-2 was posted for an Initial ballot July 9–19, 2010 and received a 65.93 percent weighted sector vote. A revised FAC-003-2 standard was posted for a successive ballot February 18–28, 2011 and received a 79.28 percent weighted sector vote. The drafting team for Project 2007-07 is currently responding to comments received during the successive ballot. Additionally, the team is developing responses to a series of questions seeking explanations and justifications for some of the team’s decisions related to the draft FAC-003-2 submitted to the team by NERC’s Standards Committee Chairman.

The currently-approved vegetation management standard (FAC-003-1) was approved by the Commission in Order No. 693 on March 16, 2007. Metrics on the currently-approved standard indicate that there are very few vegetation-related outages. The currently-approved standard, while not as clear as may be desired, but has resulted in a general decline in vegetation-related outages of the bulk power system. A comparison of the currently-approved version of the standard against the latest posted draft of the proposed standard results in some requirements that are more stringent, and others that are less stringent.

### Discussion

The industry leadership continues to work with the drafting team for Project 2007-07 to better understand the drafting team’s explanation and justifications related to a number of changes in proposed FAC-003-2. This is being done in preparation for Board of Trustees consideration and for the purpose of successfully presenting the basis for the changes to the regulatory authorities. The most significant issues are summarized as follows:

**The use of the Gallet Equation to determine minimum clearance distance:** FAC-003-1 requires the Transmission Owner to determine “specific radial clearances to be maintained between vegetation and conductors under all rated electrical operating conditions” based on Institute of Electrical and Electronics Engineers (IEEE) Standard 516-2003. In FAC-003-1, this is referred to as “Clearance 2.” However, the industry experts serving on the drafting team for Project 2007-07 have identified that the IEEE 516-2003 calculations were misapplied when determining Clearance 2 as defined in FAC-003-1.

For FAC-002-2 the drafting team supports the use of the Gallet Equation to determine the Minimum Vegetation Clearance Distance (MVCD) of a line for which each Transmission Owner shall manage vegetation to prevent encroachments.

Significant debate has occurred regarding the use of the Gallet Equation and whether or not it is superior to IEEE 516-2003. While the equation produces a more technically accurate result, the clearances themselves do not incorporate any sort of “safety margin;” the calculated distances are flashover distances, and once vegetation reaches inside that zone there will likely be a flashover which may in turn lead to an outage.

**The Elimination of Clearance 1 and Clearance 2:** FAC-003-1 provides for “Clearance 1” and “Clearance 2.” Clearance 1 is defined to be the “appropriate clearance distance to be achieved at the time of transmission vegetation management work based upon local conditions and the expected time frame in which the Transmission Owner plans to return for future work.” This approach provides a margin between vegetation management field work cycles.

In FAC-003-2, the drafting team eliminated the terms “Clearance 1” and “Clearance 2.” The team replaced Clearance 2 with the Minimum Vegetation Clearance Distances determined using the Gallet Equation, and replaced Clearance 1 with a requirement to manage vegetation to prevent encroachments of vegetation into the MVCD.

### **VRFs and VSLs**

**The structure of requirements R1 and R2 and their associated VRFs:** FAC-003-2 splits the requirement to manage vegetation into two separate requirements: R1 that applies to lines that are an element of an IROL or are a Major WECC transfer path, and R2 that applies to lines that are neither an element of an IROL nor a Major WECC transfer path. Separating these into two requirements provides the opportunity to segregate the VRFs into Medium and High, which does not exist in the current standard. There is precedent for doing this in other standards, and such a change is consistent with the current VRF definitions. However, there is a concern that making this change could be perceived as “lowering the bar,” since the current standard treats all the cases described above as having a High VRF. Additionally, it should be noted that based on the applicability specified in 4.2.2 and 4.2.3, the scope of the standard has been modified such that it now includes assets below 200kV based on their being included in the definition of an IROL or a WECC major path, rather than based on Regional Reliability Organization determination as is contained in the current standard.

**The VSLs used in R1 and R2:** The VSLs for requirements R1 and R2 of FAC-003-2 are different than those that have been used in other standards. They use the circumstances surrounding a violation as a proxy to determine the severity of the violation, rather than a strict application of “pass/fail” criteria. The SDT contends that by its nature, the circumstances surrounding the violation provides insight into how well the entity complied with the requirement to manage vegetation. The SDT identifies that momentary contacts, fall-ins, blow-ins, and grow-ins all represent different weaknesses that are caused by different vegetation management failings, and can be appropriately used to determine the severity of a violation. For example, an entity that allows a grow- in to occur such that it results in a sustained outage is likely to have been less diligent in their Vegetation Management efforts than an entity that experiences a momentary contact. It is uncertain whether or not this approach will be well received.

**The Definition of “Right-of-Way”:** The definition of “Right-of-Way” as proposed allows significant flexibility in defining the right-of-way: “The width of the corridor is established by engineering or construction standards as documented in either construction documents, pre-2007 vegetation maintenance records, or by the blowout standard in effect when the line was built.” As written, the definition allows the transmission owner to choose the documents it wishes to use to establish the right-of-way width.

**Removal of the requirement for a formal transmission vegetation management program and a documented vegetation management plan.** The proposed standard would not specifically require a documented vegetation management program or plan, instead focusing on performance (results) and verifying that companies are executing in accordance with the plan they have. This may be inconsistent with the “results-based” approach – requiring such documents could be seen as measuring risk mitigation or competency – but at this time, the SDT believes they are not necessary.

A link to the project history and files is included here for reference:

[http://www.nerc.com/filez/standards/Vegetation-Management\\_Project\\_2007-7.html](http://www.nerc.com/filez/standards/Vegetation-Management_Project_2007-7.html)

## 5c.2. TPL-Footer B – Regulatory Status and Issues

### Action

None

### Summary

In its February 2011 meeting, the Board adopted the following reliability standards and associated documents aimed at meeting a reliability directive to modify “Table 1 footnote b” that is included in all four of the standards:

- TPL-001-1 - System Performance Under Normal (No Contingency) Conditions (Category A)
- TPL-002-1b - System Performance Following Loss of a Single Bulk Electric System Element (Category B)
- TPL-003-1a - System Performance Following Loss of Two or More Bulk Electric System Elements (Category C)
- TPL-004-1 - System Performance Following Extreme Events Resulting in the Loss of Two or More Bulk Electric System Elements (Category D)

### Background

In Order No. 693, the Commission directed the ERO to clarify TPL-002-0, Table 1, footnote b, regarding the planned or controlled interruption of electric supply where a single contingency occurs on a transmission system. FERC’s March 18, 2010 Order Setting Deadline for Compliance established June 30, 2010 as the date to file the clarified standard. In response to NERC’s request for more time, on June 11, 2010 the Commission issued a clarifying order which extended the deadline for responding to the Table 1, footnote b directive to March 31, 2011.

At the time of the March 18, 2010 Order, the industry had already been working for three years to develop consensus on a set of proposed changes to TPL Table 1.

Clarification of the footnote was controversial and was limited to addressing the following directive from Order No. 693:

*“Based on the record before us, we believe that the transmission planning Reliability Standard should not allow an entity to plan for the loss of non-consequential load in the event of a single contingency. The Commission directs the ERO to clarify the Reliability Standard. Regarding the comments of Entergy and Northern Indiana that the Reliability Standard should allow entities to plan for the loss of firm service for a single contingency, the Commission finds that their comments may be considered through the Reliability Standards development process. However, we strongly discourage an approach that reflects the lowest common denominator. The Commission also clarifies that an entity may seek a regional difference to the Reliability Standard from the ERO for case-specific circumstances.”*



The standard drafting team (SDT) interpreted the reliability intent of the directive was intended to achieve the following reliability goals:

- Provide a clear and concise description of when interruption of Demand may be used within the planning process to address Bulk Electric System (“BES”) performance requirements and a description of the process that must be followed; and
- Provide a clear and concise explanation of when curtailment of firm transfers is allowed.

To meet the intent of the directive, and to find a balance between reliability and cost, the team proposed allowing planned loss of firm transfers or firm Demand following contingencies only in those few situations where the Demand loss was documented and approved through a stakeholder process. Some commenters were highly critical of the inclusion of the stakeholder process as a component of the criteria for when an entity may elect to interrupt Demand. However, the SDT and the standards staff believe that such a process is an integral part of any fair and open discussion of the issues involved.

On March 31, 2011, the petition for approval of the footnote b portion of the TPL standards was filed with the FERC. In response, the Commission Staff issued a data request that contained questions narrowly focused on the approach to load loss and the general use of the term “stakeholder process”. The data request required a response within 21 days of receipt and provided no opportunity for industry comment.

On June 7, 2011, NERC staff responded to the request, demonstrating why the approach the SDT proposed to the Commission was equally efficient and effective in meeting the reliability-related intent of the directive. NERC has asked the Commission to consider making any further review of the issues raised in its data request open to all stakeholders.

Commission action on the March 31 petition is pending. NERC has received no feedback from FERC regarding the acceptability of the response to the data request.

A link to the project history and files is included here for reference:

[http://www.nerc.com/filez/standards/Project2010-11\\_TPL\\_Table-1\\_Order.html](http://www.nerc.com/filez/standards/Project2010-11_TPL_Table-1_Order.html)

[\[Data Request\]](#) [\[NERC Response\]](#)

### 5c.3 Project 2008-06 Cyber Security Order 706 – CIP-002-4 - Regulatory Status and Issues

#### Action

None

#### Summary

The NERC Board of Trustees approved the CIP Version 4 Reliability Standards on January 24, 2011 and recommended they be added to the NERC Reliability Standards. On February 10, 2011, NERC filed with the Commission a petition for approval of the CIP Version 4 Reliability Standards, which includes CIP-002-4 — the bright line test for determining Critical Assets (“CAs”). The filing also includes data comparisons obtained from the August 2010 Data Request, and a rationale for each criterion presented in Attachment 1 of CIP-002-4 (“the bright-line criteria”). On April 12, the Commission’s Office of Electric Reliability issued a Data Request to NERC soliciting additional information regarding NERC’s February 10, 2011 filing. NERC provided a response to the first set of questions on May 27, 2011, and a response to the remaining questions on June 30, 2011. In order to answer the second portion of the data request, NERC issued an industry survey to all registered entities (“2011 Industry Survey”) on May 2, 2011. The analysis of the results of the 2011 Industry Survey provided the following information:

- In order for entities to apply the bright-line criteria in CIP-002-4 Attachment 1, they must have identified all Blackstart Resources on their system. Because EOP-005-2 was only recently accepted by the Commission, many Transmission Operators have not yet identified Blackstart Resources and Cranking Paths in their restoration plans as required by EOP-005-2. These analyses and identifications will be performed prior to the effective date of CIP-002-4, based on the approved effective date for EOP-005-2 (July 1, 2013) and the proposed effective date for CIP-002-4 (at least 2 years beyond regulatory approval). Additionally, it appears that some entities are still confused over the term “Blackstart Resource.” Some entities counted black start-capable units in their responses to the 2011 Industry Survey, providing a response that some of their “Blackstart Resources” would not be classified as Critical Assets, which conflicts with the requirement in CIP-002-4 to classify each Blackstart Resource identified in the Transmission Operator’s restoration plan as a CA. NERC will ensure that all Responsible Entities defined in CIP-002-4 are informed of the intent of classifying Blackstart Resources as CAs prior to the effective date of CIP-002-4.
- Based on the 2011 Industry Survey, if all nuclear generation<sup>1</sup> and Blackstart Resources are excluded, 87 percent of the remaining generation units in the continental U.S. have a capacity of less than 300 MVA. If those generators are eliminated from consideration, the CIP Version 4 standards will be applicable to 24.6 percent of all remaining generator units located in the U.S.
- The 2009 Self-Certification Report indicated that approximately 11.9 percent of transmission system substations are presently identified as CAs. Additionally, only 50 percent of substations 300kV and greater were classified as CAs. Based on the results of the 2011 Industry Survey, 70 percent of substations 300kV and greater will be classified as Critical Assets. This is a significant improvement in the protection of the North American transmission system.

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<sup>1</sup> The nuclear plants are subject to cybersecurity regulations of the Nuclear Regulatory Commission.

- The SDT continues its work on developing a new set of CIP standards in response to FERC Order No. 706 and will use these results in its deliberations. The team is considering approaches that would apply a minimum level of cyber security to all cyber assets that control BES Elements. This represents a significant shift in industry approach and strategy for cyber security. The SDT expects to obtain industry approval during the first part of 2012, and expects to bring this set of standards to the Board of Trustees by the end of the second quarter 2012.

[\[CIP V4 Petition\]](#) [\[April 12 Data Request\]](#) [\[May 27 Part 1 Response\]](#)  
[\[June 30 Response Part 2\]](#)

If trustees have questions or need additional information on any of the items above, they may contact Herb Schrayshuen at [herb.schrayshuen@nerc.net](mailto:herb.schrayshuen@nerc.net).

## **Planning Committee Strategic Plan and Charter**

### **Action**

Approve the Planning Committee (PC) 2011–2016 Strategic Plan and revised Charter.

### **Background**

In December 2010, the PC appointed an *ad hoc* team, chaired by PC Vice Chair Jeff Mitchell (now Chair), to review the PC's Strategic Plan and recommend changes needed to align activities with the NERC ERO enterprise's strategic plan and top priority reliability issues. The *ad hoc* team presented a draft 2011–2016 Strategic Plan and resulting Charter changes at the PC's March 2011 meeting for comment. The PC approved the 2011–2016 Strategic Plan and revised Charter at its June 7-8, 2011 meeting, and offers the following for consideration and approval by the Board of Trustees.

#### **1. PC 2011–2016 Strategic Plan**

The 2011–2016 Strategic Plan serves as the foundation of the alignment (see [http://www.nerc.com/docs/pc/PC\\_2011-2016\\_Strategic\\_Plan%20\\_v5-07102011\\_.pdf](http://www.nerc.com/docs/pc/PC_2011-2016_Strategic_Plan%20_v5-07102011_.pdf)) of PC activities, as well as coordination with other standing committees and the strategic direction of the NERC and its Board of Trustees. The Strategic Plan emphasizes conforming activities with the priorities of the NERC ERO enterprise and regulators, providing technical foundations for reliability issues, and effectively using the PC's resources. The Strategic Plan describes the mission, vision and guiding principles as well as outlines the areas of strategic focus and key activities for the next five years, while recognizing changes that may be required in the future by calling for an annual review. A review of the development and implementation of the 2011–2016 Strategic Plan is provided at:

<http://www.nerc.com/docs/pc/Strategic%20Plan%20Launch%20Comments%20BoT%20V3.pdf>.

#### **2. PC Revised Charter**

The PC Charter approved by the Board of Trustees on February 16, 2010 has been revised to align the Charter with the Strategic Plan. The enhancements to the Charter include a revised Purpose statement in Section 1, a complete revision of Section 2: General Overview and Functions, and an addition to Appendix 4, with a report approval process. All other provisions remain unchanged (redlined/clean versions: See both [http://www.nerc.com/docs/pc/Revised\\_PC\\_Charter\\_redline\\_v1-07102011\\_.pdf](http://www.nerc.com/docs/pc/Revised_PC_Charter_redline_v1-07102011_.pdf), and also [http://www.nerc.com/docs/pc/Revised\\_PC\\_Charter\\_v1-07102011\\_.pdf](http://www.nerc.com/docs/pc/Revised_PC_Charter_v1-07102011_.pdf)).

## **Generating Availability Data System: Section 1600 Data Request**

### **Action Required**

Approve the report *Generating Availability Data System: Mandatory Reporting of Conventional Generation Performance Data* (download at [Generating Availability Data System Report](#)).

### **Background**

In June 2010, the Planning Committee (PC) created the Generating Availability Data System Task Force (GADSTF) to review and recommend whether Generator Owners on NERC's Compliance Registry should report GADS data on a mandatory basis. To date, GADS has been a voluntary system. Based on the analysis completed by the GADSTF, it became clear that data and information from new units and units located in certain areas were not being reported. This created bulk power system reliability concerns, as a key emerging issue is the changing resource mix. Further, more work is needed to assess risks associated with common mode failures and develop industry accepted approaches to gather information on variable generation, so the recommended initial approach concentrates on conventional generation data and information. Variable generation will be taken up in the near future, with the support of the GADSTF.

The PC's Resource Issues Subcommittee (RIS) supported the GADSTF's report and its recommendations for PC's consideration. At its March 2011 meeting, the PC approved the posting of the report for a 45-day public comment period, as called for in NERC's Rules of Procedure, Section 1600: *Requests for Data or Information*.<sup>1</sup>

On May 5, 2011, the 45-day comment period ended. Thirty-nine comments were received and evaluated by the GADSTF, RIS and PC (download comment/response matrix at the comments [Section 1600 Data Request - Comments and Responses](#)). Based on the comments received, and with guidance from the GADSTF, design data requirements were substantially reduced, as well as a phased-in approach for data and information collection based on unit capacity size.

On June 8, 2011, the PC endorsed the final recommendations and report for consideration and approval by NERC's Board of Trustees.

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<sup>1</sup> [http://www.nerc.com/files/NERC\\_Rules\\_of\\_Procedure\\_EFFECTIVE\\_20110412.pdf](http://www.nerc.com/files/NERC_Rules_of_Procedure_EFFECTIVE_20110412.pdf)

## 2011 Risk Assessment of Reliability Performance

### Action Required

Approve the *2011 Risk Assessment of Reliability Performance* available at [2011 Risk Assessment of Reliability Performance Report](#).

### Summary and Background

The *2011 Risk Assessment of Reliability Performance* is a foundational report, which provides a platform for industry to measure of key aspects of North American bulk power system reliability performance. The jointly developed report was led by NERC staff, in collaboration with several groups, including the Reliability Metrics Working Group (RMWG), the Transmission Availability Data System Working Group (TADSWG), Generating Availability Data System Task Force (GADSTF), and Event Analysis Working Group (EAWG). The Planning and Operating Committees endorsed the Report on July 11, 2011 and July 19, 2011, respectively.

The objective is to lay the groundwork for an Annual Report that connects and integrates many efforts to provide a technically sound platform to communicate the effectiveness of ERO reliability programs, and present an overall view of the state of reliability. The *2011 Report* begins a transition from the *2010 Annual Report on Bulk Power System Reliability Metrics*<sup>1</sup> to a report that provides a risk impact evaluation of reliability. Over time, as the measures become more robust and address the key, measurable components of bulk power system reliability, this report will help provide insights, guidance, and direction to effectively meet and sustainably achieve reliability goals. In addition, the report will serve as a foundation to streamline and align the analysis from multiple technical groups, thereby providing efficient data and information collection and transparency.

The key findings and recommendations are envisioned for use as input to NERC's Reliability Standards and project prioritization, compliance process improvement, event analysis, reliability assessment, and critical infrastructure protection areas.

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<sup>1</sup> [http://www.nerc.com/docs/pc/rmwg/RMWG\\_AnnualReport6.1.pdf](http://www.nerc.com/docs/pc/rmwg/RMWG_AnnualReport6.1.pdf)

## **Regional Delegation Agreement Metrics**

### **Action**

Approve the proposed Regional Delegation Agreement (RDA) Metrics for initial use by NERC and the Regional Entities.

### **Regional Delegation Agreement Metrics**

NERC and the Regional Entities have developed the attached set of RDA Metrics (**Attachment 1**) as a first step in measuring how NERC and the Regional Entities carry out their respective roles under the RDAs, Rules of Procedure, and applicable regulations. The Member Representatives Committee (MRC) will discuss the proposed metrics at their August 3, 2011 meeting, at which the Board of Trustees (BOT) members will be present, under MRC Item 10.

The proposed RDA Metrics cover the following functions and responsibilities that appear in the RDAs:

- Compliance Registration
- Compliance Audits
- Enforcement
- Mitigation of Compliance Violations
- Event Analysis
- Reliability Standards/Regional Standards
- Reliability Assessment

As NERC and the Regional Entities begin to measure and report on their performance under these RDA Metrics, the metrics and associated measures will continue to be evaluated and refined. Continued review and constructive comments and suggestions from the MRC and BOT are welcome.

### **Background**

Fundamentally, NERC, the Regional Entities, and registered entities – the entire ERO Enterprise – should be measured by bulk power system reliability and accountability – it's why the ERO exists. But because system reliability performance and organizational effectiveness have important correlations, both will be measured, as together they provide the full context for assessing the success of the ERO Enterprise. The more effectively NERC, Regional Entities, and registered entities carry out their respective functions and responsibilities, the more effective will be the use of industry resources and system reliability performance should be sustained and improved.

## **Proposed Regional Delegation Agreement (RDA) Metrics July 13, 2011**

The Commission, in paragraph 138 of its September 16, 2010 order regarding NERC's Three-Year ERO Performance Assessment, commended NERC and the Regional Entities on their efforts to resolve delegation issues, and agreed that NERC should develop performance metrics that help to ensure consistent implementation of the compliance enforcement process across the regions.

In its March 16, 2011 informational filing with the Commission, NERC responded that the revised Delegation Agreements that were filed with the Commission for approval on June 9, 2010, and were conditionally approved by the Commission in its October 21, 2010 Order, to be effective January 1, 2011, establish processes for the collaborative development by NERC and the Regional Entities of performance goals, measures and other parameters, and performance reports for the Regional Entities' performance of their delegated functions and other activities, which NERC will use to evaluate the Regional Entity's performance and to identify areas in which performance improvements are needed. These provisions are found in Section 8(a) of the revised Delegation Agreements.

NERC has worked in collaboration with the Regional Entities to develop this initial set of Regional Delegation Agreement performance metrics that measure the effectiveness of all the programs that are the responsibility of the ERO Enterprise, with particular emphasis on the functions delegated to Regional Entities across all program areas.

NERC and the Regional Entities are committed to periodically reviewing and refining these metrics in conjunction with the regular review and updating of the Regional Delegation Agreements.

### **I. Compliance Registration**

#### I.A Metric:

NERC and the Regional Entities (REs) are administering<sup>1</sup> a process to proactively and routinely review, maintain, and validate registration status in a timely and risk-based manner to ensure that all users, owners, and operators that should be registered are registered for all appropriate functions.

#### I.A.1 Measure:

Average time to process uncontested entity requests to register or de-register for a function, in accordance with the NERC Rules of Procedure, measured from the time the entity makes the

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<sup>1</sup> While we are working towards more of a risk-based focus, registration is currently conducted using the Statement of Compliance Registry Criteria contained in the Rules of Procedure that focus on identifying and registering functions. As such, current practice is largely far more mechanical and prescriptive than risk-based.



request to the time the request is approved by NERC, including intermediate steps; i.e., entity to RE, RE to NERC, NERC approval.<sup>2</sup>

## **II. Compliance Audits**

### II.A Metric:

Effective compliance audits of registered entities for all applicable standards requirements, based on the rules, risk, and past performance.

#### II.A.1 Measure:

Audit Observation Scorecard completed by NERC staff with sufficient training and credentials to conduct evaluations of RE audits based on objective, standardized evaluation criteria established by NERC and REs.

#### II.A.2 Measure:

Percent satisfaction with the quality of the audit, professionalism of the auditors, and due process of the audit, as reported by registered entities on a standardized post-audit questionnaire, jointly developed and agreed upon by NERC and the REs, which covers the planning, conduct and reporting of the audit.

## **III. Enforcement**

### III.A Metric:

Thorough, accurate, complete, and timely reporting and processing of all required information by RE and NERC, in accordance with expectations in RDAs and Compliance Monitoring and Enforcement Program (CMEP.)

#### III.A.1 Measure:

Number of active violations divided by six-month rolling average number of violations processed per month by BOTCC, including dismissals and violations filed with FERC through the Administrative Citation Process. [“Caseload Index” measures both the size of the remaining caseload and the average monthly rate at which violations are processed. For example, if the caseload as of January 1, 2011 was 3,000, and the average monthly rate at which violations were processed from July 1, 2010 to December 31, 2010 was 100, the “Caseload Index” would be 30.0. If NERC limits the number of violations accepted from a Regional Entity in a given month, an appropriate adjustment will be made.]

## **IV. Mitigation of Compliance Violations**

### IV.A Metric:

Timeliness of NERC and Regional Entity actions related to violation mitigation.

#### IV.A.1 Measure:

Six-month rolling average time (a) from date of submittal by registered entities for Regional Entities to review, accept, and submit to NERC registered entity Mitigation Plans and (b) from date Regional Entities submit registered entity Mitigation Plans to NERC to the date NERC approves the Mitigation Plans, with separate measures and trends for violations of different VRF/VSLs and different reliability risk significance.

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<sup>2</sup> NERC and the Regional Entities believe that all entities that need to be registered under the current Statement of Compliance Registry Criteria are registered correctly. Future changes to these criteria may influence this opinion and demonstrate the need for another measure of Regional Entity and NERC performance under this metric.

#### IV.A.2 Measure:

Six-month rolling average time from the date regional entities certify that Mitigation Plans are complete to when Regional Entities validate completion of those Mitigation Plans, with separate measures and trends for violations of different VRF/VSLs and different reliability risk significance.

#### IV.A.3 Measure:

Six-month rolling average time to mitigate compliance violations, from date violation was deemed to have occurred to date of violation mitigation as accepted by NERC, with separate measures and trends for violations of different VRF/VSLs and different reliability risk significance. [Note: those cases in which long lead time purchase of equipment, labor contract negotiations, scheduled outages of equipment, etc. affect the time to violation mitigation closure will be excluded from this measure.]<sup>3</sup>

### **V. Event Analysis**

#### V.A Metrics:

Pursuant to the NERC Rules of Procedure<sup>4</sup>, registered entities are tasked with conducting comprehensive analyses of events that reflect the severity of the incident. REs coordinate with NERC on event analyses to support the effective and efficient use of the collective industry resources, ensure consistency in event analysis and timely delivery of event analysis reports, and dissemination to the electric industry lessons learned and other information obtained or resulting from event analysis.

#### V.A.1 Measure:

Number of days: (a) for registered entities to complete Event Analysis reports (by event category/severity)<sup>5</sup>; (b) for Regional Entities and NERC to complete the necessary sufficiency reviews and close out event review; and (c) for NERC to make final Event Analysis reports available to the industry technical community. [Note: Some restrictions on access to these reports may be imposed to protect CEII and confidential information.]

#### V.A.2 Measure:

Benefit of "Lessons Learned" rated by registered entities (S/U) – % Satisfactory (S) Ratings on (1) positive impact on reliability and (2) cost-effective risk management. [Measures both NERC and RE performance. NERC and REs to develop framework and definitions for rating process.]

### **VI. Reliability Standards**

#### VI.A Metric:

NERC and Regional Entities fully follow, and coordinate as necessary, their respective standards development processes to establish clear, results-based reliability standards that provide for an adequate level of reliability.

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<sup>3</sup> This measure may be influenced by NERC and the Regional Entities, but is not totally controlled by them.

<sup>4</sup> These Rules of Procedure changes are planned to be filed with FERC for approval in November 2011.

<sup>5</sup> This portion of the measure may be influenced by NERC and the Regional Entities, but is not totally controlled by them.

VI.A.1 Measure:

Percent of NERC Board approved NERC and Regional Reliability Standards that are results-based with requirements providing clearly identified performance expectations and cost-effective reliability benefits.

**VII. Reliability Assessment**

VII.A Metric:

NERC and RE processes for developing timely, meaningful assessments of the reliability of the Bulk-Power System.

VII.A.1 Measure:

Regional Reliability Assessment Scorecard, jointly developed and agreed to by NERC and REs, and reviewed by industry stakeholders, to include items such as: (1) accuracy of data and information; (2) timeliness and clarity of NERC requests and RE submittals; (3) clarity of NERC requests and thoroughness of RE self-assessments; etc.

**Update on Regulatory Matters  
(As of July 11, 2011)**

**Action**

None

**Regulatory Matters in Canada**

1. Negotiation of the second agreement among NERC, the Régie and NPCC regarding implementation of mandatory standards in Québec has been completed and the agreement is under consideration by the provincial government. The Régie has issued a preliminary decision regarding adoption of mandatory standards for Québec.
2. Adoption of NERC Reliability Standards pending in Nova Scotia.
3. Adoption of NERC Reliability Standards ongoing in Alberta.
4. Implementing regulations being developed in Manitoba.
5. Implementing regulations being developed in British Columbia.

**FERC Orders Issued Since the Last Update**

1. April 21, 2011 – Notice of Proposed Rulemaking concerning a proposal to require the Electric Reliability Organization to make available to Commission staff, on an ongoing basis, access to complete electronic tagging data used to schedule the transmission of electric power in wholesale markets. *Docket No. RM11-12-000*
2. April 21, 2011 – Notice of Proposed Rulemaking- A NOPR concerning a proposed regulation to facilitate price transparency in markets for the sale and transmission of electric energy in interstate commerce by requiring market participants that are excluded from the Commission's jurisdiction under FPA section 205 and have more than a de minimis market presence to file Electric Quarterly Reports (EQR) with the Commission. *Docket No. RM10-12-000*
3. April 29, 2011 – March 31, 2011 Notices of Penalty. The Commission issued an Order stating that it would not further review, on its own motion, the following Notices of Penalty in Docket Nos. *NP11-134-000* Ft. Pierce Utilities Authority; *NP11-135-000* Public Utility District No. 1 of Snohomish County; *NP11-136-000* Unidentified Registered Entity; *NP11-137-000* Unidentified Registered Entity; *NP11-138-000* El Paso Electric Company; *NP11-139-000* Dynegy Arlington Valley, LLC; *NP11-140-000* Unidentified Registered Entity; *NP11-141-000* City of Anaheim; *NP11-142-000* People's Utility District; *NP11-143-000* Unidentified Registered Entity; *NP11-144-000* City of McMinnville; *NP11-145-000* Unidentified Registered Entity; *NP11-146-000* Unidentified Registered Entity; *NP11-147-000* Public Utility District No. 1 of Snohomish County; *NP11-148-000* Imperial Irrigation District; *NP11-149-000* Unidentified Registered Entity; *NP11-150-000* Unidentified Registered Entity; *NP11-151-000* Public Utility District No. 2 of Grant County, Washington; *NP11-152-000* Calpine Energy Services; *NP11-153-000* Exelon Generation

Company, LLC – Exelon Nuclear; *NP11-154-000* California Department of Water Resources; *NP11-155-000* Unidentified Registered Entity; *NP11-156-000* Unidentified Registered Entity; *NP11-157-000* Unidentified Registered Entity; *NP11-158-000* PSEG Fossil, LLC; *NP11-159-000* NextEra Energy Resources, LLC; *NP11-160-000* Dartmouth Power Associates, LP; *NP11-161-000* Unidentified Registered Entity; and *NP11-162-000* Administrative Citation Notice of Penalty.

4. May 6, 2011 – Order Granting Midwest ISO's Recovery of Penalty Cost that was assessed in the December 22, 2009 Settlement Agreement (NP11-59) from Tariff customers under Schedule 34. *Docket No. ER11-2798.*
5. May 16, 2011 – Order Accepting Compliance Filing on Violation Risk Factors and Violation Severity Levels for PRC-023-1. *Docket No. RD10-10-000*
6. May 16, 2011 – Order Accepting the Compliance filing on the entities responsible under Reliability Standard BAL-006-2 required by FERC's January 6 Order requiring a compliance filing to identify the entity or entities that are responsible under Reliability Standard BAL-006-2 for calculating Inadvertent Interchange among the Local Balancing Authority Areas within the Midwest ISO Balancing Authority Area. *Docket No. RD10-4-000*
7. May 17, 2011 – Request for Additional Information Regarding Petition for Approval of Reliability Standards TPL-001-1, TPL-002-1b, TPL-003-1a, and TPL-004-1. *Docket No. RM11-18-000*
8. May 19, 2011 – Order on Compliance Filing and Rehearing accepting NERC's revised, comprehensive approach to the assignment of Violation Risk Factors and Violation Severity Levels ("roll-up approach"). The order also accepts NERC's Guideline 1 Report, which evaluates Violation Severity Level assignments to ensure that they do not have the effect of lowering the current expectation of compliance. In addition, the order approves NERC's revised Violation Severity Level assignments for the 83 Commission-approved Reliability Standards and Reliability Standard NUC-001-2, with the exception of those that are addressed in Docket No. RR08-4-006. Finally, the order grants rehearing of the Order No. 722 directive to change Violation Severity Level assignments for three Reliability Standards requirements, in order to take into account NERC's revised comprehensive approach. *Docket Nos. RR08-4-005 and RM08-11-0001*
9. May 19, 2011 – Order Approving a CIP-006-2 Interpretation and directing FERC Staff to convene a technical conference. *Docket No. RD10-8-000*
10. May 27, 2011 – Order on Notices of Penalty – April 29, 2011 Notices of Penalty. The Commission issued an Order stating that it would not further review, on its own motion, the following Notices of Penalty in Docket Nos. *NP11-163-000* PacifiCorp, *NP11-164-000* American Electric Power Service Corporation; *NP11-165-000* Indianapolis Power & Light Company; *NP11-166-000* Unidentified Registered Entity; *NP11-167-000* Unidentified Registered Entity; *NP11-168-000* American Municipal Power Inc.; *NP11-169-000* Alabama Power Company; *NP11-170-000* Grays Harbor Energy LLC; *NP11-171-000* Duke Energy Corporation; *NP11-172-000* Braintree Electric Light Department; *NP11-173-000*

Safe Harbor Water Power Corporation; *NP11-174-000* Unidentified Registered Entity; *NP11-175-000* Unidentified Registered Entity; *NP11-176-000* Unidentified Registered Entity; *NP11-177-000* Baltimore Gas and Electric Company; *NP11-178-000* Unidentified Registered Entity; *NP11-179-000* Unidentified Registered Entity; *NP11-180-000* Unidentified Registered Entity; *NP11-181-000* Administration Citation Notice of Penalty

11. June 10, 2011 – Order on Petition to Intervene in Regional Entity Enforcement Hearing authorizing FirstEnergy to intervene in ReliabilityFirst Corporation's Hearing being conducted by ReliabilityFirst Corporation and PJM Interconnection, LLC. *Docket No. RC11-3-00*
12. June 16, 2011 – Order Denying Compliance Registry Appeals of Cedar Creek Wind Energy and Milford Wind Corridor Phase I. The Commission also directed NERC to work with the entities to create a list Transmission Owner and Transmission Operator Reliability Standards and Requirements that apply to the entities and file the result within 90 days. *Docket Nos. RC11-1-000 and RC11-2-000*
13. June 24, 2011 – Data Request regarding the Notice of Penalty filed on May 26, 2011 for an Unidentified Registered Entity. *Docket No. NP11-184-000*
14. June 24, 2011 – Order on Notices of Penalty – May 26, 2011 Notices of Penalty  
The Commission issued an Order stating that it would not further review, on its own motion, the following Notices of Penalty in Docket Nos. *NP11-182-000* Unidentified Registered Entity; *NP11-183-000* CPI (CP) LLC; *NP11-185-000* Brazos Wind, LP; *NP11-186-000* Allegheny Energy Supply Company; *NP11-187-000* Edison Mission Marketing & Trading; *NP11-188-000* Unidentified Registered Entity; *NP11-189-000* Unidentified Registered Entity; *NP11-190-000* Hoosier Energy REC, Inc.; *NP11-191-000* UGI Utilities, Inc.; *NP11-192-000* Unidentified Registered Entity; *NP11-193-000* Unidentified Registered Entity; *NP11-194-000* Edison Mission Marketing & Trading; *NP11-195-000* Provo City Corporation; *NP11-196-000* Cordova Energy Company, LLC; *NP11-197-000* Gila River Power, LP; *NP11-198-000* Unidentified Registered Entity; *NP11-199-000* Administrative Citation NOP.
15. June 29, 2011 – Letter Order Approving CIP Version 2 and Version 3 Violation Risk Factors and Violation Severity Levels. *Docket No. RD10-6-001, RD09-7-003*
16. June 30, 2011 – Letter Order Approving the January 6, 2011 Filing Regarding Revised Violation Severity Levels for the approved FAC Reliability Standards. *Docket No. RD11-1-000*.
17. July 7, 2011 – Order Approving Stipulation and Consent Agreement between Office of Enforcement, NERC and Western Electricity Coordinating Council. *Docket No. IN11-1-000*

## **NERC Filings Since the Last Update**

1. April 21, 2011 – Motion to Intervene, Request to Consolidate of Dockets, and Response to the Nebraska Public Power District and Southwest Power Pool Regional Entity Petition for Review of NERC's Denial of Request to Amend Two Delegation Agreements and to Transfer Registration. *Docket Nos. RR11-1-000 and RR11-1-001*
2. April 26, 2011 – Errata to Petition for Approval of Four Transmission Planning System Performance Reliability Standards and Retirement of Four Existing Reliability Standards. *Docket No. RM06-16-009 and RM11-18-000*
3. April 29, 2011 – Petition for Approval of a Personnel Performance, Training, and Qualifications Reliability Standard PER-003-1. *Docket No. RD11-7-000*
4. April 29, 2011 – Notices of Penalty regarding the following entities in *Docket Nos. NP11-163-000* PacifiCorp, *NP11-164-000* American Electric Power Service Corporation; *NP11-165-000* Indianapolis Power & Light Company; *NP11-166-000* Unidentified Registered Entity; *NP11-167-000* Unidentified Registered Entity; *NP11-168-000* American Municipal Power Inc.; *NP11-169-000* Alabama Power Company; *NP11-170-000* Grays Harbor Energy LLC; *NP11-171-000* Duke Energy Corporation; *NP11-172-000* Braintree Electric Light Department; *NP11-173-000* Safe Harbor Water Power Corporation; *NP11-174-000* Unidentified Registered Entity; *NP11-175-000* Unidentified Registered Entity; *NP11-176-000* Unidentified Registered Entity; *NP11-177-000* Baltimore Gas and Electric Company; *NP11-178-000* Unidentified Registered Entity; *NP11-179-000* Unidentified Registered Entity; *NP11-180-000* Unidentified Registered Entity; *NP11-181-000* Administration Citation Notice of Penalty
5. May 2, 2011 – First Quarter 2011 Analysis of NERC Standards Process Results. *Docket Nos. RR06-1-000 and RR09-7-000*.
6. May 6, 2011 – Comments in Response to Lawrence Berkeley National Laboratory 's Frequency Response Report - *Use of Frequency Response Metrics to Assess the Planning and Operating Requirements for Reliable Integration of Variable Renewable Generation* and its five supporting papers. *Docket No. AD11-8-000*
7. May 6, 2011 – Request to Withdraw Prior Request to Terminate Quarterly Informational Filing in Order No. 693, Paragraph 629 under *Docket Nos. RM06-16-000 and RD10-14-000*.
8. May 13, 2011 – Supplemental Filing to NERC's April 5, 2011 Informational Filing of the Reliability Standards Development Plan 2011-2013. *Docket Nos. RM05-17-000, RM05-25-000, and RM06-16-000*
9. May 17, 2011 – Supplemental Information Regarding the Meaning of "Necessary" in NERC's December 1, 2010 Compliance Filing in Response to FERC's September 3, 2010 Order Approving Petition and Directing Compliance Filing. *Docket No. RR10-12-001*

10. May 25, 2011 – Petition for Approval of CMEP Agreement Between Northeast Power Coordinating Council and Western Electricity Coordinating Council and Related Amendment to Delegation Agreements. *Docket No. RR11-2-000*
11. May 25, 2011 – Petition for Approval of Amendments to Delegation Agreement with NPCC, Inc. Including Amendments to Bylaws and Regional Reliability Standards Development Procedure. *Docket No. RR11-3-000*
12. May 26, 2011 – Notices of Penalty regarding the following entities in *Docket Nos. NP11-182-000* Unidentified Registered Entity; *NP11-183-000* CPI (CP) LLC; *NP11-185-000* Brazos Wind, LP; *NP11-186-000* Allegheny Energy Supply Company; *NP11-187-000* Edison Mission Marketing & Trading; *NP11-188-000* Unidentified Registered Entity; *NP11-189-000* Unidentified Registered Entity; *NP11-190-000* Hoosier Energy REC, Inc.; *NP11-191-000* UGI Utilities, Inc.; *NP11-192-000* Unidentified Registered Entity; *NP11-193-000* Unidentified Registered Entity; *NP11-194-000* Edison Mission Marketing & Trading; *NP11-195-000* Provo City Corporation; *NP11-196-000* Cordova Energy Company, LLC; *NP11-197-000* Gila River Power, LP; *NP11-198-000* Unidentified Registered Entity; *NP11-199-000* Administrative Citation NOP.
13. May 27, 2011 – Initial Response to April 12, 2011 CIP Data Request. *Docket No. RM11-11-000*
14. May 27, 2011 – Doc-Less Motion to Intervene regarding the Joint Petition for Authorization to Intervene in a CEA Hearing, for Expedited Consideration and for Alternative Relief. *Docket No. RC11-3-000*
15. May 31, 2011 – Report of Comparisons of Budgeted to Actual Costs for 2010 for NERC and the Regional Entities. *Docket No. RR11-4-000*
16. May 31, 2011 – First Quarter 2011 Compliance Filing in Response to Paragraph 629 of Order No. 693 regarding a quarterly informational filing for the timeframe to restore power to the auxiliary power systems of U.S. nuclear power plants following a blackout as determined during simulations and drills of system restoration plans. *Docket No. RM06-16-000*
17. May 31, 2011 – Petition for Approval of Proposed NPCC Regional Reliability Standard PRC-002-NPCC-01 – Disturbance Monitoring. *Docket No. RD11-8-000*
18. June 6, 2011 – Supplemental Information Regarding CIP Version 4 Violation Risk Factors and Violation Severity Levels. *Docket No. RM11-11-000*
19. June 7, 2011 – Response to FERC's May 17, 2011 Letter Requesting Additional Information Regarding NERC's Request for Approval of Four Transmission Planning System Performance Reliability Standards *Docket No. RM11-18-000*
20. June 13, 2011 – Petition for Approval of Appendices 3B and 3D to the NERC Rules of Procedure Regarding the Election Procedure for Members of NERC Standards Committee and Registered Ballot Body Criteria. *Docket No. RR11-5-000*



21. June 15, 2011 – Petition for Approval of Proposed Reliability Standard FAC-008-3 – Facility Ratings. *Docket No. RM11-28-000*
22. June 20, 2011 – Western Electricity Coordinating Council submitted revised Violation Risk Factors for Requirements R1 and R2 and revised Violation Severity Levels for TOP-007-WECC-1. *Docket Nos. RM09-9-000 and RM09-14-000*
23. June 21, 2011 – Petition for Approval of Reliability Standard CIP-001-2a – Sabotage Reporting with a Regional Variance for the Texas Reliability Entity. *Docket No. RD11-6-000*
24. June 24, 2011 – Comments on Notice of Proposed Rulemaking Regarding Interpretation of TOP-001-1. *Docket No. RM10-29-000*
25. June 27, 2011 – Comments in Response to the Notice of Proposed Rulemaking on the Availability of e-Tag Information to the Commission Staff. *Docket No. RM11-12-000*
26. June 29, 2011 – Notices of Penalty regarding the following entities in *Docket Nos. NP11-200-000* Idaho Power Company; *NP11-201-000* Lane Electric Cooperative, Inc.; *NP11-202-000* High Desert Power Project, LLC; *NP11-203-000* City of Loveland, Colorado; *NP11-204-000* Unidentified Registered Entity; *NP11-205-000* Unidentified Registered Entity; *NP11-206-000* Unidentified Registered Entity; *NP11-207-000* Troy Energy, LLC; *NP11-208-000* Black Hills/Colorado Electric Utility Company, LP; *NP11-209-000* Blachly-Lane Electric Coop/PNGC; *NP11-210-000* Indianapolis Power & Light Company; *NP11-211-000* Unidentified Registered Entity; *NP11-212-000* Unidentified Registered Entity; *NP11-213-000* Unidentified Registered Entity; *NP11-214-000* T.E.S. Filer City Station Limited Partnership; *NP11-215-000* Boise-Kuna Irrigation District; *NP11-216-000* Merced Irrigation District; *NP11-217-000* High Trail Wind Farm, LLC and Old Trail Wind Farm, LLC; *NP11-218-000* Unidentified Registered Entity; *NP11-219-000* City of Batavia Municipal Electric Utility; *NP11-220-000* Elwood Energy, LLC, Kincaid Generation, LLC, State Line Energy, LLC and Fairless Energy, LLC; *NP11-221-000* Columbia Rural Electric Association; *NP11-222-000* Luminant Energy Company, LLC; *NP11-223-000* Unidentified Registered Entity; *NP11-224-000* Alcoa Power Generating Inc.; *NP11-225-000* Unidentified Registered Entity; *NP11-226-000* Unidentified Registered Entity; *NP11-22X-000* Springfield Utility Board.
27. June 30, 2011 - Notices of Penalty regarding the following entities in *Docket No. Administrative Citation Notice of Penalty.*
28. June 30, 2011 – Final Response to the CIP V4 Data Request for questions 3, 4, 5, 6, 7 and 9. *Docket No. RM11-11-000*
29. July 8, 2011 – Response of NERC and ReliabilityFirst to the June 24, 2011 Letter Order Requesting Data and Documents regarding the May 26, 2011 Notice of Penalty for an Unidentified Registered Entity. *Docket No. NP11-184-000*

## Anticipated NERC Filings

1. July 2011 – Report by NERC on the Status and Timetable for addressing each outstanding regulatory directive in accordance with Rule 321 to the NERC Rules of Procedure. *Docket No. RR09-6-003*
2. July 18, 2011 – NERC may submit a Request for Clarification, or in the Alternative, Rehearing on June 16, 2011 Order Denying Appeals of ERO Registrations. *Docket Nos. RC11-1-000 and RC11-2-000*
3. July 31, 2011 – Informational Filing of NERC analysis of NERC Standard Process Results Second Quarter 2011. *Docket No. RR06-1-000 and RR09-7-000*
4. August 23, 2011 – Request for Approval of the 2012 Business Plans & Budgets of NERC and the eight Regional Entities.
5. August 31, 2011 – First Quarter 2011 Compliance Filing in Response to Paragraph 629 of Order No. 693 regarding a quarterly informational filing for the timeframe to restore power to the auxiliary power systems of U.S. nuclear power plants following a blackout as determined during simulations and drills of system restoration plans. *Docket No. RM06-16-000*
6. September 14, 2011 – NERC must submit a list of Transmission Owner/Transmission Operator Reliability Standards that apply to Cedar Creek and Milford Wind. *Docket Nos. RC11-1-000 and RC11-2-000*
7. September 28, 2011 – NERC must submit an annual informational report (the first) regarding the TFE program (*see* October 1, 2010 Order). The report will provide a wide-area analysis regarding the use of TFEs and the impact on the reliability of the Bulk Electric System. *Docket No. RR10-1-001*
8. November/December 2011 – NERC will submit proposed changes to the NERC Rules of Procedure.
9. December 2011 – *Reliability Standards Development Plan: 2012-2014*. NERC is required, pursuant to Rule 310 of the NERC Rules of Procedure, to file an updated annual work plan for the development of Reliability Standards. *Docket Nos. RM05-25-000, RM05-17-000, RM06-16-000*.
10. December 31, 2011 – NERC must submit an informational filing regarding the restructured audit program of the Regional Entities. (*see* December 23, 2010) *Docket Nos. RR09-7-000 and RR10-11-000*
11. January 25, 2012 – NERC must submit a filing within one year of the January 25, 2011 effective date of the November 18, 2010 Order regarding the Revision to ERO Definition of the Bulk Electric System. NERC's filing will include a proposed change to the definition of "Bulk Electric System" and corresponding changes to the NERC Rules of Procedure. NERC, Order No. 743, *Docket No. RM09-18-000*

12. May 2012 – NERC must submit a revised BAL-003 Standard (See October 25, 2010 NERC Filing). *Docket No. RM06-16-011*
13. May 22, 2012 –NERC and WECC will submit a revised Standard that includes the Violation Severity Levels associated with each requirement of the revised BAL-004-WECC-1 Standard (See May 21, 2009 Order) (See November 22, 2010 NERC submittal). *Docket No. RM08-12-000*
14. August 23, 2012 – NERC must address Order No. 693 Directives to consider if EMS application support personnel should be included in training Reliability Standard. *Docket No. RM09-25-000*
15. February 17, 2013 – NERC must comply with directives in Order No. 733 for filing the test and the results from a representative sample of utilities in each of the three Interconnections (see February 17, 2011 Order No. 733-A). *Docket No. RM08-13-001*

## **Compliance and Certification Committee Report**

### **Action**

None

### **Background**

The Compliance and Certification Committee (CCC) held its June 2011 meeting in Chicago, Illinois. The agenda and draft minutes are posted on the NERC Website.

The CCC has finalized its review of the 2010 self-certifications received from NERC. NERC self-certified with respect to:

- Reliability Standards Applicable to NERC
- Organization and Registration Program
- Standards Process Manual
- Compliance Monitoring and Enforcement Program

A report of this review has been forwarded to the NERC Board of Trustees (board).

The CCC has finalized the criteria for NERC to use in its annual evaluation of the tools used to monitor the Regional Entity activities. The criteria are reflected in CCCPP-010 and will be submitted to the NERC board at its August meeting.

The CCC is preparing for spots checks of NERC's Compliance Monitoring and Enforcement Program and Reliability Standards applicable to NERC in the fall of 2011. These efforts are being coordinated with NERC staff.

The CCC is preparing auditing criteria with respect to an independent audit of NERC's Organization Registration and Certification Program which is to be conducted in 2012.

The CCC has established a task force to identify what actions can be taken to assist in the development of the Risk-Based Reliability Compliance (RBRC) effort as set forth in Tom Burgess's white paper. The RBRC working group lead by Robert Hoopes has made good progress in this effort working with the CCC, NERC staff, and the trades associations.

The CCC has established a working group to assist NERC and the ISO/RTOs in developing procedures that would allow the ISO/RTOs to involve third parties (to whom it intends to pass along penalties) to be able to receive notice and participate in violation investigations and hearings. NERC legal is preparing language to accommodate this practice.

The CCC continued to perform Quality Reviews in support of the Standards Development program on an ongoing basis.

The CCC is beginning to work with NERC staff in reviewing proposed Rules of Procedure changes anticipated for late fall of 2011.

The CCC has provided NERC with a recommended process which would allow significant CCC involvement in the Compliance Application Notice program with respect to stakeholders.

## **Compliance and Certification Committee (CCC) Action Items**

### **Action Required**

Approve Criteria for Annual Regional Entity Program Evaluation CCCPP-010-2 and approve the 2011 Summary Report of NERC Program Monitoring – Self Certifications.

### **Background**

#### **Criteria for Annual Regional Entity Program Evaluation CCCPP-010-2**

The CCC is commissioned with creating a set of criteria for use by NERC in measuring the effectiveness and adherence of the Regional Entities to the Compliance Monitoring and Enforcement Program (CMEP). In accordance with Section 402.1.2 of the NERC Rules of Procedure, the CCC presents the following criteria for use by NERC in evaluating the “goals, tools, and procedures” employed by the compliance programs of each Regional Entity.<sup>1</sup>

The purpose of Version 2.0 of the Criteria is to update the document in recognition of: (a) the Crowe Audit of the AUP; (b) the purpose of the Criteria is for NERC to evaluate, but not audit, the Regional Entities’ “goals, tools, and procedures”, and (c) reflect that NERC and the Regional Entities will increasingly use a risk-based method for determining application of compliance monitoring and enforcement programs.

#### **2011 Summary Report of NERC Program Monitoring – Self Certifications**

The board approved Charter of the CCC requires that, “In the capacity of a NERC board-appointed stakeholder committee serving and reporting directly to the NERC board, the CCC will advise the NERC board and NERC Compliance Committee regarding all facets of the NERC Compliance Monitoring and Enforcement Program and Organization Registration and Organization Certification programs.”

In support of the charter, the CCC submits this report detailing the results of NERC program monitoring for the year 2010. Included in this report are “Self-Certification” statements for the following four programs/areas:

1. Standard Processes Manual
2. Compliance Monitoring and Enforcement Program
3. Organization Registration and Certification Procedure
4. Reliability Standards Applicable to NERC

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<sup>1</sup> **Rule of Procedure 402.1.2 Regional Entity Program Evaluation** — NERC shall annually evaluate the goals, tools, and procedures of each regional entity compliance enforcement program to determine the effectiveness of each regional entity program, using criteria developed by the NERC Compliance and Certification Committee.

## 2011 Summary Report of NERC CCC NERC Program Monitoring – Self Certifications

June 22, 2011

### Introduction

The Board of Trustees approved Charter of the Compliance and Certification Committee (CCC) requires that, “In the capacity of a NERC Board-appointed stakeholder committee serving and reporting directly to the NERC Board, the CCC will advise the NERC Board and NERC Compliance Committee regarding all facets of the NERC Compliance Monitoring and Enforcement Program (Compliance program), and Organization Registration and Organization Certification programs.”

In addition the Charter states, “...The CCC will be the body responsible for monitoring NERC’s compliance with the Rules of Procedure regarding the Reliability Standards development process, with the exception of appeals of substantive or procedural action or inaction associated with a reliability standard or the standards process as defined in the appeals section of the Reliability Standards Development Procedure.” As indicated in the CCC 2010 Work Plan, the CCC will conduct a full-scale audit of each of the four areas at least every three years with a lower scale audit/review the other years.

In support of the charter, the CCC submits this report detailing the results of NERC program monitoring for the year 2010. Included in this report are “Self-Certification” statements for the following four programs/areas:

1. Standard Processes Manual
2. Compliance Monitoring and Enforcement Program
3. Organization Registration and Certification Procedure
4. Reliability Standards Applicable to NERC

A summary of these statements is included below. Copies of the statements are attached.

## **General Discussion of Self Certifications**

### **1. Standard Processes Manual (SPM)**

The SPM Self-Certification covered the period of September 3 to December 31, 2010. It was submitted on February 28, 2011, under the signature of Mr. Herbert Schrayshuen, and Mr. Allen Mosher. The Self-Certification Form addressed 22 items relating to the SPM. NERC identified five deviations. A detailed summary of the deviations is included in the next section. NERC also indicated that one item was not applicable, and provided general comments. Please see the full text of the self-certification appended to this summary.

### **2. Compliance Monitoring and Enforcement Program (CMEP)**

The CMEP Self-Certification covered the period of January 1 to December 31, 2010. It was submitted on March 2, 2011, under the signature of Mr. Joel deJesus, Mr. Michael Moon, and Mr. Earl Shockley. The Self-Certification Form addressed 21 items relating to the CMEP. NERC identified one deviation. A detailed summary of the deviation is included in the next section. NERC also provided general comments. Please see the full text of the self-certification appended to this summary.

### **3. Organization Registration and Certification Procedure (ORCP)**

The ORCP Self-Certification covered the period of January 1 to December 31, 2010. It was submitted on January 24, 2011, under the signatures of Mr. Michael Moon and Mr. Jim Hughes. The Self-Certification Form addressed 17 items relating to the ORCP. NERC identified one deviation. A detailed summary of the deviation is included in the next section. NERC also provided general comments. Please see the full text of the self-certification appended to this summary.

### **4. Reliability Standards Applicable to NERC (RSAN)**

The RSAN self-certification covered the period of January 1 to December 31, 2010. It was submitted on March 2, 2011, under the signature of Ms. Lynn P. Costantini. The Self-Certification Form addressed nine items relating to the RSAN. NERC reported no deviations, indicated eight items were not applicable, and included general comments. Please see the full text of the self-certification appended to this summary.



## Detailed Summary of Report Deviations

### 1. Standard Processes Manual (SPM)

NERC indicated deviations from the following five SPM requirements and included an explanation for each:

*Item #9 - When a drafting team begins its work, either in refining a SAR or in developing or revising a proposed standard, the drafting team shall develop a project schedule and report progress, to the Standards Committee, against that schedule as requested by the Standards Committee.*

**Explanation Summary** — No project schedule was developed for Project 2010-15 – Expedited Processing of Modifications to CIP-005-3. Implementation plan expected to be absorbed into implementation plan for larger project working on the entire set of cyber security standards. The original goal to complete CIP-005-4 at the same time that CIP-002-4 was completed.

*Item # 12 - The standards staff shall coordinate a quality review of the “final draft” of the standard implementation plan, VRFs, and VSLs to assess whether the documents are within the scope of the associated SAR, whether the standard is clear and enforceable as written, and whether the standard meets the criteria specified in NERC’s Benchmarks for Excellent Standards and criteria for governmental approval of standards, VRFs, and VSLs.*

**Explanation Summary** — No quality review was conducted of PRC-006-1 Automatic Underfrequency Load Shedding prior to posting for comment and ballot on September 24, 2010.

*Item #15 - The drafting team shall consider every stakeholder comment submitted either in response to a formal comment period or submitted with a ballot that includes a proposal for a specific modification to the standard or its implementation plan posted for comment and approval.*

**Explanation Summary** — All stakeholder comments were considered and the drafting teams responded to all comments. Comments that proposed improvements beyond scope of the associated project have not yet been added to the list of issues to address the next time the standard is revised.

*Item #16 - Successive Ballots (Standard has Changed substantively from the prior Ballot) If a stakeholder or balloter proposed a significant revision to the standard during the formal comment period or concurrent initial ballot that will improve the quality, clarity or enforceability of the standard, then the drafting team shall make such revisions and post the revised standard for another public comment period and ballot. If the previous ballot achieved a quorum and sufficient affirmative ballots for approval, the comment period shall be 30 days and the new ballot may focus on the entire standard and its implementation plan or may focus only on the element(s) that were changed following the previous ballot.*

**Explanation Summary** — The requirement for a successive ballot is to post the revised standard for a 30-day formal comment period with a successive ballot during the last 10 days of that 30-day period. Prior to approval of the Standard Processes Manual the Standards Committee authorized the UFLS SDT to post its standard for a successive ballot without a comment period.

*Item #19 - Re: Interpretation*

*The entity requesting the interpretation shall submit a Request for Interpretation form to the standards staff explaining the clarification required, the specific circumstances surrounding the request, and the impact of not having the interpretation provided.*

*The standards staff shall form a ballot pool and assemble an interpretation drafting team with the relevant expertise to address the clarification. As soon as practical, the team shall develop a “final draft” interpretation providing the requested clarity.*

**Explanation Summary** — During the audit period NERC received two requests for interpretation. One request was related to a CIP standard and the requester has accepted a Compliance Application Notice as a reasonable alternative. The second request for interpretation has been accepted but no team has been appointed, pending resolution of the Standards Committee’s approval of a procedure for processing interpretations.

**2. Compliance Monitoring and Enforcement Program (CMEP)**

NERC indicated a deviation from one CMEP requirement and included the following explanation:

*Item #16 – Within thirty (30) days following its receipt of the Mitigation Plan from the Regional Entity, did NERC review the mitigation plan and notify the Regional Entity, and the Registered Entity, on a contemporaneous basis, as to whether the Mitigation Plan is approved or disapproved by NERC?*

**Explanation Summary** — Of the 971 mitigation plans received in 2010 from Regional Entities, NERC reviewed all within 30 days. NERC submitted 953 approved plans to FERC within seven days of approval. NERC failed to contemporaneously notify the Regional Entity and registered entity of 18 approved plans within 30 days of receipt. Three instances of data entry errors by the Compliance Enforcement Administrator caused 18 plans not to be timely submitted to FERC and as a result caused the contemporaneous notifications not to be timely as well. NERC contemporaneously notified the Regional Entity and registered entity of all disapproved plans within 30 days of receipt.

### **3. Organization Registration and Certification Procedure (ORCP)**

NERC indicated a deviation from one ORCP requirement and included the following explanation:

*Item #8 - NERC shall provide for certification of all entities with primary reliability responsibilities requiring certification as established in the NERC reliability standards. RoP 501.2*

**Explanation Summary** — A total of 124 entities should have been provisionally certified, yet were not. NERC has identified those entities and will issue letters on or before March 25, 2011. NERC identified 10 other entities that are registered yet have not completed a readiness assessment. All have completed a compliance audit; therefore, per the NERC Rules of Procedure, they need to complete a certification review, which NERC will schedule with the applicable regions. Expected completion date on or before fourth quarter of 2012.

### **4. Reliability Standards Applicable to NERC (RSAN)**

There were no deviations self-reported in this self-certification.

## **Conclusion**

The CCC appreciates NERC's timely completion of the self-certification forms for each compliance area under the CCC purview and recommends that NERC consider developing mitigation activities to address the deviations mentioned above as appropriate.

## **Attachments**

- Attachment 1. Self Certification of Standard Process Manual
- Attachment 2. Self Certification of Compliance Monitoring and Enforcement Program
- Attachment 3. Self Certification of Organization Registration and Certification Procedure
- Attachment 4. Self Certification of Reliability Standards Applicable to NERC

## Compliance and Certification Committee (CCC) Self-Certification Form for Standard Process Manual (SPM)

In accordance with CCCPP-003, the Standards Interface Subcommittee has developed a subset of performance items related to the NERC Standards Process Manual. The CCC is requesting that NERC self-certify adherence to the Standards Process Manual with respect to the subset of performance items as listed below. In addition the CCC is requesting a summary report of NERC's self-certification responses at its first regularly scheduled meeting in 2011.

Please complete and return the self-certification form below. The form consists of 22 items chosen from the NERC RoP for Standards Process Manual<sup>1</sup> with an associated statement requesting NERC's attestation and a section to identify any deviations to the NERC RSDP. The CCC is asking that the appropriate party or person(s) at NERC respond to each statement requesting attestation. Acceptable responses are as follows:

- **"Attest"** – which is a representation that NERC is self-certifying it has complied on all occasions to the SPM requirements.
- **"Deviation from SPM"** – which is an indication that the procedure requirements were not followed. A written explanation of each deviation requires when, why and standards involved in the deviation, and should include any additional information that would provide clarity.
- **"N/A"** - Would be expected for SPM requirements that were not applicable, not utilized or exercised (e.g. no appeals reached level 2 status). A response of "N/A" requires NERC to include it's reasoning of why a not applicable response to an attestation statement is appropriate.

Please provide responses no later than 30 business days from receipt of this document.

Respectfully,

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Clay Smith  
Chair – NERC Compliance and Certification Committee

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<sup>1</sup> Self Certification questions are based on Standards Process Manual approved by FERC on September 3, 2010.

**Date of Self- Certification Submittal:**

**Period Covered by Self - Certification: September 3, 2010 to December 31, 2010**

**Note**

Provide reference information/evidence for all items that NERC is in compliance with as indicated by checking the "Attest" box. Provide this information in an attached document.

| Item #  | Standards Process Manual Requirements   | Response  |
|---|---|---|
| 1.  | <p>The standards staff shall review each SAR and work with the submitter to verify that all required information has been provided. All properly completed SARs shall be submitted to the Standards Committee for action at the next regularly scheduled Standards Committee meeting. –</p> <p><i>SPM - Post and Collecting Information on SARs – Page 12</i></p> <p><b>NERC is requested to attest that NERC Staff has "worked with submitter" to develop a valid SAR</b></p>  | <p><input checked="" type="checkbox"/> <b>Attest</b></p> <p><input type="checkbox"/> <b>Deviation from SPM</b></p> <p><input type="checkbox"/> <b>N/A</b></p> |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> |   |   |
| 2.  | <p>The standards staff shall review each SAR and work with the submitter to verify that all required information has been provided. All properly completed SARs shall be submitted to the Standards Committee for action at the next regularly scheduled Standards Committee meeting.</p> <p><i>SPM - Post and Collecting Information on SARs – Page 12</i></p> <p><b>NERC is requested to attest that all "Properly Completed" SARs have been submitted to the Standards Committee for action at their next regularly scheduled meeting.</b></p> | <p><input checked="" type="checkbox"/> <b>Attest</b></p> <p><input type="checkbox"/> <b>Deviation from SPM</b></p> <p><input type="checkbox"/> <b>N/A</b></p> |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> |   |   |

| Item #   | Standards Process Manual Requirements   | Response  |
|--|---|---|
| 3.   | <p>When presented with a SAR the Standards Committee shall determine if the SAR is sufficiently stated to guide standard development and whether the SAR is consistent with this manual. The Standards Committee shall take one of the following actions:</p> <ul style="list-style-type: none"> <li>• Accept the SAR.</li> <li>• Remand the SAR back to the standards staff for additional work.</li> <li>• Reject the SAR. If the Standards Committee rejects a SAR, it shall provide a written explanation for rejection to the sponsor within ten days of the rejection decision.</li> <li>• Delay action on the SAR pending development of a technical justification for the proposed project</li> </ul> <p><i>SPM - Post and Collecting Information on SARs – Page 12</i></p> <p><b>NERC is requested to attest that Standards Committee took one of the stated actions for a properly completed SAR as stated in the Standards Process Manual.</b></p> | <input checked="" type="checkbox"/> Attest<br><input type="checkbox"/> Deviation from SPM<br><input type="checkbox"/> N/A |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p>  |   |   |
| 4.   | <p>Reject the SAR. If the Standards Committee rejects a SAR, it will provide a written explanation for rejection to the requester within ten days of the rejection decision.</p> <p><i>SPM - Post and Collecting Information on SARs – Page 12</i></p> <p><b>NERC is requested to attest that Standards Committee has provided a written explanation for the rejection to the requester within ten days of the rejection decision.</b></p>  | <input checked="" type="checkbox"/> Attest<br><input type="checkbox"/> Deviation from SPM<br><input type="checkbox"/> N/A |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> <p>There were no instances during the audit period where the Standards Committee rejected a SAR.</p> |   |   |

| Item #   | Standards Process Manual Requirements   | Response  |
|--|---|---|
| 5.   | <p>If the Standards Committee is presented with a SAR that proposes developing a new standard but does not have a technical justification upon which the standard can be developed, the committee shall direct the standards staff to post the SAR for a 30-day comment period solely to collect stakeholder feedback on the scope of technical foundation, if any, needed to support the proposed project.</p> <p><i>SPM - Post and Collecting Information on SARs – Page 12</i></p> <p><b>NERC is requested to attest that SARs without a technical justification have been posted for a 30-day period.</b></p>   | <input checked="" type="checkbox"/> Attest<br><input type="checkbox"/> Deviation from SPM<br><input type="checkbox"/> N/A |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:</p>  |   |   |
| <p>For items with a response of N/A, list the reason that the item does not apply<br/>           There were no instances during the audit period where the Standards Committee was presented with a SAR that proposed developing a new standard.</p> |   |   |
| 6.   | <p>When the Standards Committee determines it is ready to initiate a new project the Standards Committee shall direct staff to post the project's SAR in accordance with the following:</p> <ul style="list-style-type: none"> <li>• For SARs that are limited to addressing regulatory directives, or revisions to standards that have had some vetting in the industry, authorize posting the SAR for a 30-day informal comment period with no requirement to provide a formal response to the comments received.</li> <li>• For SARs that address the development of new projects or standards, authorize posting the SAR for a 30-day formal comment period.</li> </ul> <p><i>SPM - Post and Collecting Information on SARs – Page 13</i></p> <p><b>NERC is requested to attest that the Standards Committee has properly identified SARs that address regulatory directives and were posted in accordance with SPM requirements as stated above.</b></p> | <input checked="" type="checkbox"/> Attest<br><input type="checkbox"/> Deviation from SPM<br><input type="checkbox"/> N/A |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:</p>  |   |   |
| <p>For items with a response of N/A, list the reason that the item does not apply</p>  |   |   |

| Item #  | Standards Process Manual Requirements  | Response  |
|---|--|---|
| 7.  | <p>When the Standards Committee determines it is ready to initiate a new project the Standards Committee shall direct staff to post the project's SAR in accordance with the following:</p> <ul style="list-style-type: none"> <li>• For SARs that are limited to addressing regulatory directives, or revisions to standards that have had some vetting in the industry, authorize posting the SAR for a 30-day informal comment period with no requirement to provide a formal response to the comments received.</li> <li>• For SARs that address the development of new projects or standards, authorize posting the SAR for a 30-day formal comment period.</li> </ul> <p><i>SPM - Post and Collecting Information on SARs – Page 13</i></p> <p><b>NERC is requested to attest that the Standards Committee has directed NERC staff to post SARs for the development of new projects or standard for a 30 day comment period.</b></p> | <input checked="" type="checkbox"/> Attest<br><input type="checkbox"/> Deviation from SPM<br><input type="checkbox"/> N/A |
| 8.  | <p>The drafting team shall respond to all comments submitted during the public posting period. An effort to resolve all expressed objections shall be made and each objector shall be advised of the disposition of the objection and the reasons therefore.</p> <p><i>SPM - Post and Collecting Information on SARs – Page 13</i></p> <p><b>NERC is requested to attest that Standard Drafting Teams have responded to all comments submitted during the public posting period (with the exception of regulatory directive SARs).</b></p>   | <input checked="" type="checkbox"/> Attest<br><input type="checkbox"/> Deviation from SPM<br><input type="checkbox"/> N/A |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> <p>The drafting teams working on the three SARs that were accepted for posting during the time period covered by this audit have not completed their work in responding to comments.</p>  |  |   |
| 9.  | <p><i>When a drafting team begins its work, either in refining a SAR or in developing or revising a proposed standard, the drafting team shall develop a project schedule and report progress, to the Standards Committee, against that schedule as requested by the Standards Committee.</i></p> <p><i>SPM - Develop Preliminary Draft of Standard, Implementation Plan, VRFs and VSLs – Page 14</i></p> <p><b>NERC is requested to attest that all developed “project schedule” and provided requested progress to the Standards Committee accordance with the requirement as stated above.</b></p>  | <input type="checkbox"/> Attest<br><input checked="" type="checkbox"/> Deviation from SPM<br><input type="checkbox"/> N/A |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:</p> <p>No project schedule was developed for Project 2010-15 – the expedited processing of modifications to CIP-005-3. The implementation plan for this project was expected to be absorbed into the implementation plan for the larger project working on the entire set of cyber security standards. The original goal was to complete CIP-005-4 at the same time that CIP-002-4 was completed.</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> |  |   |



| Item #  | Standards Process Manual Requirements   | Response   |
|---|---|--|
| 10.   | <p>The team shall develop a standard that is within the scope of the associated SAR that includes all required elements as described earlier in this manual with a goal of meeting the quality attributes identified in NERC's Benchmarks for Excellent Standards and criteria for governmental approval.</p> <p><i>SPM - Develop Preliminary Draft of Standard, Implementation Plan, VRFs and VSLs – Page 14</i></p> <p><b>NERC is requested to attest that developed standards that include all quality attributes as identified in NERC's Benchmarks for Excellent Standards and criteria for governmental approval.</b></p>   | <p><input checked="" type="checkbox"/> Attest</p> <p><input type="checkbox"/> Deviation from SPM</p> <p><input type="checkbox"/> N/A</p> |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:</p> |   |  |
| <p>For items with a response of N/A, list the reason that the item does not apply</p>               |   |  |
| 11.   | <p>As a drafting team drafts its proposed revisions to a reliability standard, that team is also required to develop an implementation plan to identify any factors for consideration when approving the proposed effective date or dates for the associated standard or standards. As a minimum, the implementation plan shall include the following:</p> <ul style="list-style-type: none"> <li>• The proposed effective date (the date entities shall be compliant) for the requirements.</li> <li>• Identification of any new or modified definitions that are proposed for approval with the associated standard.</li> <li>• Whether there are any prerequisite actions that need to be accomplished before entities are held responsible for compliance with one or more of the requirements.</li> <li>• Whether approval of the proposed standard will necessitate any conforming changes to any already approved standards – and identification of those standards and requirements.</li> <li>• The functional entities that will be required to comply with one or more requirements in the proposed standard.</li> </ul> <p><i>SPM - Develop Preliminary Draft of Standard, Implementation Plan, VRFs and VSLs – Page 14</i></p> <p><b>NERC is requested to attest that Standards Drafting Teams have developed implementation plans for all proposed or revised standards that include all elements as listed above.</b></p> | <p><input checked="" type="checkbox"/> Attest</p> <p><input type="checkbox"/> Deviation from SPM</p> <p><input type="checkbox"/> N/A</p> |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:</p> |   |  |
| <p>For items with a response of N/A, list the reason that the item does not apply</p>               |   |  |

| Item #  | Standards Process Manual Requirements   | Response  |
|---|---|---|
| 12.   | <p>The standards staff shall coordinate a quality review of the "final draft" of the standard, implementation plan, VRFs and VSLs to assess whether the documents are within the scope of the associated SAR whether the standard is clear and enforceable as written, and whether the standard meets the criteria specified in NERC's Benchmarks for Excellent Standards and criteria for governmental approval of standards, VRFs and VSLs.</p> <p><i>SPM - Develop Preliminary Draft of Standard, Implementation Plan, VRFs and VSLs – Page 15-16</i></p> <p><b>NERC is requested to attest that standards staff coordinated a quality review of all final draft standards, implementation plans, VRFs and VSLs.</b></p> | <input type="checkbox"/> Attest<br><input checked="" type="checkbox"/> Deviation from SPM<br><input type="checkbox"/> N/A |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:<br/>           No quality review was conducted of PRC-006-1 Automatic Underfrequency Load Shedding prior to its posting for comment and ballot on September 24, 2010.<br/>           For items with a response of N/A, list the reason that the item does not apply</p> |   |   |
| 13.   | <p>The Standards Committee has the authority to waive the initial 30-day formal comment period if the proposed revision to a standard is minor and not substantive.</p> <p><i>SPM - Develop Preliminary Draft of Standard, Implementation Plan, VRFs and VSLs – Page 16</i></p> <p><b>NERC is requested to attest that all "waived initial 30 day formal comment periods" were based on minor or not substantive changes</b></p>  | <input type="checkbox"/> Attest<br><input type="checkbox"/> Deviation from SPM<br><input checked="" type="checkbox"/> N/A |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:<br/>           For items with a response of N/A, list the reason that the item does not apply<br/>           There were no instances during this audit period where the SC waived the initial 30 day formal comment period.</p>   |   |   |
| 14.   | <p>The standards staff shall establish a ballot pool during the first 30 days of the 45-day formal comment period. The standards staff shall post the proposed standard, its implementation plan, VRFs, and VSLs and shall send a notice to every entity in the Registered Ballot Body to provide notice that there is a new or revised standard proposed for approval and to solicit participants for the associated ballot pool.</p> <p><i>SPM - Develop Preliminary Draft of Standard, Implementation Plan, VRFs and VSLs – Page 17</i></p> <p><b>NERC is requested to attest that all Registered Ballot Body members were provided notice in accordance with requirements as stated above.</b></p>                      | <input checked="" type="checkbox"/> Attest<br><input type="checkbox"/> Deviation from SPM<br><input type="checkbox"/> N/A |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:<br/>           For items with a response of N/A, list the reason that the item does not apply</p>   |   |   |
| Item #  | Standards Process Manual Requirements   | Response  |

|   |   |  |
|---|---|--|
| <p><b>15.</b></p>   | <p>The drafting team shall consider every stakeholder comment submitted either in response to a formal comment period or submitted with a ballot that includes a proposal for a specific modification to the standard or its implementation plan posted for comment and approval.</p> <p><i>SPM - Develop Preliminary Draft of Standard, Implementation Plan, VRFs and VSLs – Page 17</i></p> <p><b>NERC is requested to attest that all comments submitted with a ballot that includes a proposal for specific modifications to the standard or implementation plan were addressed within guidelines as stated in the SPM.</b></p>   | <p><input type="checkbox"/> Attest</p> <p><input checked="" type="checkbox"/> Deviation from SPM</p> <p><input type="checkbox"/> N/A</p> |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> <p>All stakeholder comments were considered and the drafting teams responded to all comments. Comments that proposed improvements beyond the scope of the associated project have not yet been added to the list of issues to address the next time the standard is revised.</p>  |   |  |
| <p><b>16.</b></p>   | <p><b>Successive Ballots (Standard has Changed Substantively from Prior Ballot)</b></p> <p>If a stakeholder or balloter proposes a significant revision to the standard during the formal comment period or concurrent initial ballot that will improve the quality, clarity, or enforceability of that standard then the drafting team shall make such revisions and post the revised standard for another public comment period and ballot. If the previous ballot achieved a quorum and sufficient affirmative ballots for approval, the comment period shall be 30 days and the new ballot may focus on the entire standard and its implementation plan or may focus only on the element(s) that were changed following the previous ballot..</p> <p><i>SPM - Develop Preliminary Draft of Standard, Implementation Plan, VRFs and VSLs – Page 19</i></p> <p><b>NERC is requested to attest that all successive ballots (that achieved a quorum on the initial ballot) were posted for a 30 comment period prior to the new ballot.</b></p> | <p><input type="checkbox"/> Attest</p> <p><input checked="" type="checkbox"/> Deviation from SPM</p> <p><input type="checkbox"/> N/A</p> |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> <p>The requirement for a successive ballot is to post the revised standard for a 30-day formal comment period with a successive ballot during the last 10 days of that 30-day period. Prior to the approval of the Standard Processes Manual the Standards Committee had authorized the UFLS SDT to post its standard for a successive ballot without a comment period.</p> |   |  |

| Item #   | Standards Process Manual Requirements  | Response  |
|--|--|---|
| 17.  | <p>Any proposal for a new or revised definition shall be processed in the same manner as a standard. The drafting team shall submit its work for a quality review and the Standards Committee and drafting team shall consider that review when determining whether the definition and its implementation plan are ready for formal comment and balloting. Once authorized by the Standards Committee, the proposed definition and its implementation plan shall be posted for at least one 45-day formal stakeholder comment period and shall be balloted in the same manner as a standard..</p> <p><i>SPM - Process for Developing a Defined Term – Page23</i></p> <p><b>NERC is requested to attest that all proposals for new or revised definitions were processed in the same manner as a standard.</b></p>  | <input checked="" type="checkbox"/> Attest<br><input type="checkbox"/> Deviation from SPM<br><input type="checkbox"/> N/A |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply<br/>           There were no instances where a draft definition moved beyond the SAR posting stage during this audit period.</p>                                       |  |   |
| 18.  | <p><b>Communication and Coordination for All Types of Field Tests and Data Analyses</b></p> <p>If the conduct of a field test (concepts, requirements or compliance elements) or data collection and analysis could render Registered Entities incapable of complying with the current requirements of an approved standard that is undergoing revision, the drafting team shall request a temporary waiver from compliance to those requirements for entities participating in the field test. Upon request, the Standards Committee shall seek approval for the waiver from the Compliance Monitoring and Enforcement Program prior to the approval of the field test or data collection and analysis.</p> <p><i>SPM - Processes for Conducting a Field Test and Collecting and Analyzing Data Term – Page 25</i></p> <p><b>NERC is requested to attest that all waivers that were requested as a result of a field test were processed as stipulated in the SPM (above)</b></p> | <input checked="" type="checkbox"/> Attest<br><input type="checkbox"/> Deviation from SPM<br><input type="checkbox"/> N/A |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply<br/>           There is only one field test underway that involves waivers from compliance and no new field test participants were added during this audit period.</p> |  |   |

| Item #  | Standards Process Manual Requirements   | Response   |
|---|---|--|
| 19.   | <p>Re: Interpretation</p> <p>The entity requesting the interpretation shall submit a <i>Request for Interpretation</i> form<sup>24</sup> to the standards staff explaining the clarification required, the specific circumstances surrounding the request, and the impact of not having the interpretation provided.</p> <p>The standards staff shall form a ballot pool and assemble an interpretation drafting team with the relevant expertise to address the clarification. As soon as practical the team shall develop a "final draft" interpretation providing the requested clarity.</p> <p><i>SPM - Process for Developing an Interpretation – Page 27</i></p> <p><b>NERC is requested to attest that all Requests for Interpretations were processed in accordance with guidance stated in the SPM</b></p> | <p><input type="checkbox"/> Attest</p> <p><input checked="" type="checkbox"/> Deviation from SPM</p> <p><input type="checkbox"/> N/A</p> |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> <p>During the audit period NERC received two requests for interpretation. One request was related to a CIP standard and the requester has accepted a Compliance Application Notice as a reasonable alternative. The second request for interpretation has been accepted but no team has been appointed, pending resolution of the Standards Committee's approval of a procedure for processing interpretations.</p> |   |  |
| 20.   | <p>Re: Interpretation</p> <p>The standards staff shall coordinate a quality review of the interpretation to assess whether the interpretation is clear and provides the requested clarity without expanding on any requirement. The detailed results of this review shall be provided to the drafting team and the Standards Committee with a recommendation on whether the documents are ready for formal posting and balloting and if the Standards Committee agrees that the proposed interpretation passes this review, the Standards Committee shall authorize posting the proposed interpretation.</p> <p><i>SPM - Process for Developing an Interpretation – Page 27</i></p> <p><b>NERC is requested to attest that standards staff coordinated a quality review of all interpretations.</b></p>             | <p><input checked="" type="checkbox"/> Attest</p> <p><input type="checkbox"/> Deviation from SPM</p> <p><input type="checkbox"/> N/A</p> |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> <p>No interpretations subject to posting for comment with a parallel ballot were processed during the audit period.</p>   |   |  |

| Item #   | Standards Process Manual Requirements  | Response  |
|--|--|---|
| 21.  | <p>Re: Interpretation</p> <p>The first formal comment period shall be 30-days long. If the drafting team makes substantive revisions to the interpretation following the initial formal comment period, then the interpretation shall undergo another quality review before it is posted for its second formal comment period. The second formal comment period shall have a 45-day duration and shall start after the drafting team has posted its consideration of stakeholder comments and any conforming changes to the associated standard.</p> <p><i>SPM - Process for Developing an Interpretation – Page 27</i></p> <p><b>NERC is requested to attest that comment periods for interpretations were implemented in accordance within requirements of the SPM.</b></p>  | <input checked="" type="checkbox"/> Attest<br><input type="checkbox"/> Deviation from SPM<br><input type="checkbox"/> N/A |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:</p>  |  |   |
| <p>For items with a response of N/A, list the reason that the item does not apply<br/>           No interpretations were posted for a formal comment period during the audit period.</p> |  |   |
| 22.  | <p>NERC may need to develop a new or modified standard, VRFs, VSLs, definition, variance, or implementation plan under specific time constraints (such as to meet a time constrained regulatory directive) or to meet an urgent reliability issue such that there isn't sufficient time to follow all the steps in the normal standards development process. Under those conditions, the Standards Committee shall have the authority to approve any of the following actions to expedite development:</p> <ul style="list-style-type: none"> <li>• Shorten the 45-day formal comment period</li> <li>• Shorten the 30-day period for forming the ballot pool</li> <li>• Allow significant modifications following the initial ballot without the need for another formal comment period provided the modifications are highlighted before conducting any successive ballot</li> <li>• Shorten any of the 10-day ballot windows</li> </ul> <p><i>SPM - Expedited Standards Development Process – Page 33</i></p> <p><b>NERC is requested to attest that all standards, VRFs, VSLs definitions, variances' or implementation plans that were "expedited" were done so in order to comply with a regulatory directive or to address an urgent reliability issue.</b></p> | <input checked="" type="checkbox"/> Attest<br><input type="checkbox"/> Deviation from SPM<br><input type="checkbox"/> N/A |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:</p>  |  |   |
| <p>For items with a response of N/A, list the reason that the item does not apply</p>  |  |   |

## Additional Information

1. Are there any SPM issues you have identified that have not been identified in any of the above categories?

**Comments:** Yes – the ambiguity around the time requirement related to term “prompt consideration” identified in the CCC Spot Check. A change to the SPM for this item has been queued up for the next revision. Schedule not determined yet.

**NERC**NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION**Certification Signatories:****Herbert Schrayshuen****Vice President and Director Standards****North American Electric Reliability Corporation**Date: 2/28/2011**Allen Mosher****Chairman, NERC Standards Committee**Date: 2/28/11**Document Version History**

| Form prepared by:                      | Date     | Rev | Approved by: | Date     | Reason for Revision  |
|--|----------|-----|--------------|----------|--|
| Suzanna Strangmeler & John Blazekovich | 1/18/08  | 0   |              | 12/30/08 | Initial Creation   |
| John Blazekovich                       | 1/23/09  | 1   |              |          | Round 1 of comments  |
| John Blazekovich                       | 3/4/09   | 2   |              |          | Address comments received by Mr. Adamski   |
| John Blazekovich                       | 12/09/10 | 3   |              |          | Revision to reflect Standards Process Manual that was effective on September 3, 2010 |



## Compliance and Certification Committee (CCC)

### Self-Certification Form for Compliance Monitoring and Enforcement Program (CMEP)

In accordance with CCCPP-001, the ERO Monitoring Subcommittee has developed a subset of performance items related to the NERC Compliance Monitoring and Enforcement Program. The CCC is requesting that NERC self-certify adherence to the Rules of Procedure for the Compliance Monitoring and Enforcement Program which are applicable to NERC and the Regional Entities with respect to the subset of performance items as listed below. In addition the CCC is requesting a summary report of NERC's self-certification responses at its first regularly scheduled meeting in 2011.

Please complete and return the self-certification form below. The form consists of 21 items chosen from the NERC RoP for Compliance Monitoring and Enforcement Program with an associated question seeking NERC to provide its attestation, and a section to identify any deviations to the NERC CMEP. The CCC is asking that the appropriate party or person(s) at NERC respond to each question and/or statement on the attached form. Acceptable responses are as follows:

- **"Attest"** – which is a representation that NERC is self-certifying it has complied on all occasions to the CMEP.
- **"Deviation from CMEP"** – which is an indication that the CMEP was not followed. A written explanation of each deviation requires when and why the deviation occurred, and should include any additional information that would provide clarity.
- **"N/A"** - Would be expected for CMEP requirements that were not applicable. A response of "N/A" requires NERC to include it's reasoning of why a not applicable response to an attestation statement is appropriate.

Please provide responses no later than 30 business days from receipt of this document.

Respectfully,

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Clay Smith  
Chair – NERC Compliance and Certification Committee

**Date of Self- Certification Submittal: March 2, 2011**

**Period Covered by Self - Certification: January 1, 2010 to December 31, 2010**

**Note**

Provide reference information/evidence for all items that NERC is in compliance with as indicated by checking the "Attest" box. Provide this information in an attached document.

| Item #   | Compliance Monitoring and Enforcement Program   | Response   |
|--|---|--|
| 1.   | Did NERC distribute the Annual Audit Plan?<br><br><i>CMEP 3.1.1</i>                             | <input checked="" type="checkbox"/> Attest<br><br><input type="checkbox"/> Deviation from CMEP<br><br><input type="checkbox"/> N/A |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p>  |   |  |
| 2.   | Did NERC give full notification 2 months in advance of routine audits?<br><br><i>CMEP 3.1.1</i> | <input type="checkbox"/> Attest<br><br><input type="checkbox"/> Deviation from CMEP<br><br><input checked="" type="checkbox"/> N/A |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> <p><b>NERC as the CEA did not conduct any audits in 2010.</b></p>      |   |  |
| 3.   | Did NERC give full notification in advance of spot checks?<br><br><i>CMEP 3.3.1</i>             | <input type="checkbox"/> Attest<br><br><input type="checkbox"/> Deviation from CMEP<br><br><input checked="" type="checkbox"/> N/A |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> <p><b>NERC as the CEA did not conduct any spot checks in 2010.</b></p> |   |  |

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| 4.   | Did NERC review its Spot Check draft assessment of compliance with the Registered Entity and provide an opportunity for the Registered Entity to comment on the draft assessment?<br><br><i>CMEP 3.3.1</i> | <input type="checkbox"/> Attest<br><input type="checkbox"/> Deviation from CMEP<br><input checked="" type="checkbox"/> N/A |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply<br/> <b>NERC as the CEA did not conduct any spot checks in 2010.</b></p>                           |  |  |
| 5.   | Did NERC give full advance notification of the Compliance Violation Investigation (CVI) to the Registered Entity?<br><br><i>CMEP 3.4.1</i>   | <input checked="" type="checkbox"/> Attest<br><input type="checkbox"/> Deviation from CMEP<br><input type="checkbox"/> N/A |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p>  |  |  |
| 6.   | Did NERC notify the Registered Entity of the completed Self-Report assessment of compliance with the Reliability Standards and any Mitigation Plan, if applicable?<br><br><i>CMEP 3.5.1</i>                | <input type="checkbox"/> Attest<br><input type="checkbox"/> Deviation from CMEP<br><input checked="" type="checkbox"/> N/A |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply<br/> <b>NERC as the CEA did not require any self reports of registered entities in 2010.</b></p>   |  |  |
| 7.   | Did NERC post the current data reporting schedule on its web site and keep Registered Entities informed of changes and/or updates?<br><br><i>CMEP 3.6.1</i>  | <input type="checkbox"/> Attest<br><input type="checkbox"/> Deviation from CMEP<br><input checked="" type="checkbox"/> N/A |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply<br/> <b>NERC as the CEA did not require any data reporting of registered entities in 2010.</b></p> |  |  |

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| <p><b>8.</b></p>  | <p>Did NERC conduct a review to determine if a Complaint may be closed as a result of the initial review and assessment of the Complainant or determine if it provides sufficient basis for a Compliance Violation Investigation?</p> <p><i>CMEP 3.8.1</i></p> | <p><input checked="" type="checkbox"/> <b>Attest</b></p> <p><input type="checkbox"/> <b>Deviation from CMEP</b></p> <p><input type="checkbox"/> <b>N/A</b></p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p>   |  |  |
| <p><b>9.</b></p>  | <p>Did NERC notify the Complainant of its determination as to the need for a Compliance Violation Investigation?</p> <p><i>CMEP 3.8.1</i></p>  | <p><input checked="" type="checkbox"/> <b>Attest</b></p> <p><input type="checkbox"/> <b>Deviation from CMEP</b></p> <p><input type="checkbox"/> <b>N/A</b></p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p>   |  |  |
| <p><b>10.</b></p>   | <p>Did NERC process the Complaint within 60 days?</p> <p><i>CMEP 3.8.1</i></p>   | <p><input checked="" type="checkbox"/> <b>Attest</b></p> <p><input type="checkbox"/> <b>Deviation from CMEP</b></p> <p><input type="checkbox"/> <b>N/A</b></p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p>   |  |  |
| <p><b>11.</b></p>   | <p>If the NAVAP was contested, did NERC schedule a conference with the Registered Entity within ten (10) business days after receipt of the response?</p> <p><i>CMEP 5.2</i></p>   | <p><input type="checkbox"/> <b>Attest</b></p> <p><input type="checkbox"/> <b>Deviation from CMEP</b></p> <p><input checked="" type="checkbox"/> <b>N/A</b></p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> <p><b>NERC as the CEA did not issue any NAVPs to registered entities in 2010.</b></p> |  |  |

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| <p><b>12.</b></p>   | <p>If a hearing on a NAVAP was requested, did NERC initiate the hearing process by convening a hearing body and issuing a written notice of hearing to the Registered Entity and the hearing body and identifying the Compliance Enforcement Authority's designated hearing representative?</p> <p><i>CMEP 5.2</i></p>                         | <p><input type="checkbox"/> Attest</p> <p><input type="checkbox"/> Deviation from CMEP</p> <p>X N/A</p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply<br/> <b>NERC as the CEA did not conduct any hearings on NAVPs for registered entities in 2010.</b></p>            |  |   |
| <p><b>13.</b></p>   | <p>Did all NAVAP settlement agreements conform to the requirements of NERC Rule of Procedure 403.19 and, if approved, provide for waiver of the Registered Entity's right to further hearings and appeal?</p> <p><i>CMEP 5.4</i></p>   | <p><input type="checkbox"/> Attest</p> <p><input type="checkbox"/> Deviation from CMEP</p> <p>X N/A</p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply<br/> <b>NERC as the CEA did not execute any NAVAP settlement agreements with registered entities in 2010.</b></p> |  |   |
| <p><b>14.</b></p>   | <p>If NERC rejected a Mitigation Plan, did NERC provide the Registered Entity with a written statement describing the reasons for the rejection, and require the Registered Entity to submit a revised Mitigation Plan by the Required Date?</p> <p><i>CMEP 6.5</i></p>  | <p><input type="checkbox"/> Attest</p> <p><input type="checkbox"/> Deviation from CMEP</p> <p>X N/A</p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply<br/> <b>NERC as the CEA did not receive any Mitigation Plans in 2010</b></p>                                      |  |   |
| <p><b>15.</b></p>   | <p>Did NERC notify the Registered Entity within ten (10) business days after receipt of a revised Mitigation Plan whether NERC will accept or reject the revised Mitigation Plan and provide a written statement describing the reasons for rejection and the Required Date for the second revised Mitigation Plan?</p> <p><i>CMEP 6.5</i></p> | <p><input type="checkbox"/> Attest</p> <p><input type="checkbox"/> Deviation from CMEP</p> <p>X N/A</p> |

For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:

For items with a response of N/A, list the reason that the item does not apply  
**NERC as the CEA did not receive any Mitigation Plans in 2010**

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| <b>16.</b> | Within thirty (30) days following its receipt of the Mitigation Plan from the Regional Entity, did NERC review the mitigation plan and notify the Regional Entity and the Registered Entity, on a contemporaneous basis, as to whether the Mitigation Plan is approved or disapproved by NERC?<br><br><i>CMEP 6.5</i> | <input type="checkbox"/> Attest<br><br><b>X Deviation from CMEP</b><br><br><b>X N/A</b> |
|------------|---|---|

For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:

In its role overseeing Regional Entities as CEAs, of 971 mitigation plans received in 2010 from Regional Entities, NERC reviewed 971 within 30 days. NERC submitted 953 approved plans to FERC within 7 days of approval. NERC failed to contemporaneously notify the Regional Entity and registered entity of 18 approved plans within 30 days of receipt. Three instances of data entry errors by the Compliance Enforcement Administrator caused 18 plans not to be timely submitted to FERC and as a result, caused the contemporaneous notifications not to be timely as well. NERC contemporaneously notified the Regional Entity and registered entity of all disapproved plans within 30 days of receipt.

For items with a response of N/A, list the reason that the item does not apply  
**NERC as the CEA did not receive any Mitigation Plans in 2010**

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| <b>17.</b> | Did NERC keep full records of the Mitigation Plan milestones and completion dates?<br><br><i>CMEP 6.7</i> | <input type="checkbox"/> Attest<br><br><input type="checkbox"/> Deviation from CMEP<br><br><b>X N/A</b> |
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For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:

For items with a response of N/A, list the reason that the item does not apply  
**The Regional Entities handle the monitoring of mitigation plan milestones and verifying the completion of the mitigation plans.**

**NERC as the CEA did not receive any Mitigation Plans in 2010**

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|---|--|--|
| <p><b>18.</b></p>   | <p>Were Audit team members free of conflict of interests, adhered to NERC Antitrust Compliance Guidelines and have signed confidentiality agreements?</p> <p><i>CMEP 3.1.5</i></p>   | <p><input type="checkbox"/> Attest</p> <p><input type="checkbox"/> Deviation from CMEP</p> <p><b>X N/A</b></p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply<br/> <b>See #s 2 and 3 above.</b></p> |  |  |
| <p><b>19.</b></p>   | <p>Were work papers and other documentation associated with audits shall be maintained by the Compliance Enforcement Authority in accordance with NERC requirements?</p> <p><i>CMEP 3.1.6</i></p>  | <p><input type="checkbox"/> Attest</p> <p><input type="checkbox"/> Deviation from CMEP</p> <p><b>X N/A</b></p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply<br/> <b>See #s 2 and 3 above.</b></p> |  |  |
| <p><b>20.</b></p>   | <p>Did NERC assign a NERC staff member to the Compliance Violation Investigation and to serve as a single point of contact for communications with NERC? Did NERC also notify FERC or other Applicable Governmental Authorities of a Compliance Violation Investigation within two (2) business days after NERC is notified of the decision to initiate a Compliance Violation Investigation?</p> <p><i>CMEP 3.4.1</i></p> | <p><b>X Attest</b></p> <p><input type="checkbox"/> Deviation from CMEP</p> <p><input type="checkbox"/> N/A</p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p>                                   |  |  |

|   |   |  |
|---|---|--|
| <p><b>21.</b></p>   | <p>Did either NERC or Regional Entities receive Complaints alleging violations of a Reliability Standard? If yes, did the Regional Entity conduct a review of each Complaint it receives to determine if the Complaint provides sufficient basis for a Compliance Violation Investigation, except that NERC will review any Complaint (1) that is related to a Regional Entity or its affiliates, divisions, committees or subordinate structures, (2) where the Regional Entity determines it cannot conduct the review, or (3) if the complainant wishes to remain anonymous or specifically requests NERC to conduct the review of the Complaint?</p> <p><i>CMEP 3.8</i></p> | <p><b>X Attest</b></p> <p><input type="checkbox"/> Deviation from CMEP</p> <p><input type="checkbox"/> N/A</p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> |   |  |

**Additional Information**

Are there any NERC CMEP non-compliance issues you have identified that have not been identified in any of the above categories?

**Comments:**

**Certification Signatories:**

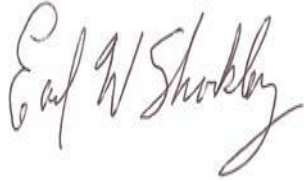


**Joel deJesus**  
**Director of Enforcement**



**Michael Moon**  
**Director of Compliance Operations**





**Earl Shockley**  
**Director of Events Analysis and Investigations**

## Compliance and Certification Committee (CCC)

### Self-Certification Form for Organization Registration and Certification Procedure (ORCP)

In accordance with CCCPP-007; the CCC Organization Registration and Certification Subcommittee (ORCS) has developed a subset of performance items related to the NERC Organization Registration and Certification Procedure (ORCP). The CCC is requesting that NERC self-certify adherence to NERC's Rules of Procedure (RoP) for Organization Registration and Certification with respect to the subset of performance areas listed below. In addition the CCC is requesting a presentation of NERC's self-certification responses at its first regularly scheduled meeting in 2011.

Please complete and return the self-certification form below. The form consists of 17 items chosen from the NERC RoP for Organization Registration and Certification with an associated statement requesting NERC's attestation and a section to identify any deviations to the NERC ORCP. The CCC is asking that the appropriate party of person(s) at NERC respond to each statement requesting attestation. Acceptable responses are as follows:

- **"Attest"** – which is a representation that NERC is self-certifying it has complied on all occasions to the ORCP requirements.
- **"Deviation from ORCP"** – which is an indication that the ORCP requirements were not followed. A written explanation of each deviation requires when, why the deviation occurred, and should include any additional information that would provide clarity to the deviation.
- **"N/A"** - would be expected for ORCP requirements that were not utilized or exercised (e.g. there were no delegated activities to the Regional Entities). A response of "N/A" requires NERC to include it's reasoning of why a not applicable response to an attestation statement is appropriate.

Please provide responses no later than 30 business days from receipt of this document.

Respectfully,

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Clay Smith  
Chair – NERC Compliance and Certification Committee

Date of Self- Certification Submittal: January 24, 2011

Period Covered by Self - Certification: January 1, 2010 to December 31, 2010

**Note**

Provide reference information/evidence for all items that NERC is in compliance with as indicated by checking the "Attest" box. Provide this information in an attached document.

| Item #  | Registration & Certification Procedure Requirements   | Response  |
|---|---|---|
| 1.  | <p>Organization registration and certification may be delegated to regional entities in accordance with the procedures in this Section 500, the NERC <i>Organization Registration and Certification Manual</i>, which is incorporated into these rules as <b>Appendix 5</b>, and approved regional entity delegation agreements or other applicable agreements.</p> <p><i>RoP - 501</i></p> <p><b>NERC is requested to attest whether if these programs were delegated such delegation was done in accordance to the statement listed above</b></p> | <input checked="" type="checkbox"/> <b>Attest</b><br><input type="checkbox"/> <b>Deviation from ORCP</b><br><input type="checkbox"/> <b>N/A</b> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> <p><b>COMMENTS:</b> These tasks are delegated to the regions per the regional delegation agreements; the DA to each regional entity is posted on the web <a href="http://www.nerc.com/page.php?cid=1 9 119 181">http://www.nerc.com/page.php?cid=1 9 119 181</a>. The majority of the registration process is delegated to the regions. However, NERC does the final posting of the compliance register and does provide oversight/consulting regarding technical issues on who should or should not be registered. The governing documents here are the NERC RoP section 500 and Appendix 5: <a href="http://www.nerc.com/page.php?cid=1 8 169">http://www.nerc.com/page.php?cid=1 8 169</a>; and the NERC Statement of Compliance Registry Criteria: <a href="http://www.nerc.com/files/Statement_Compliance_Registry_Criteria-V5-0.pdf">http://www.nerc.com/files/Statement_Compliance_Registry_Criteria-V5-0.pdf</a>. Lastly, NERC does have a NCR procedure for the process steps regarding registration, namely, NPP-CO-100.R0 — Organization Registration Process.</p> |   |   |
| 2.  | <p>NERC shall establish and maintain a NERC Compliance Registry (NCR) of the bulk power system owners, operators, and users that are subject to approved reliability standards</p> <p><i>RoP 501.1</i></p> <p><b>NERC is requested to attest whether it adhered to the statement listed above.</b></p>  | <input checked="" type="checkbox"/> <b>Attest</b><br><input type="checkbox"/> <b>Deviation from ORCP</b><br><input type="checkbox"/> <b>N/A</b> |

For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:

For items with a response of N/A, list the reason that the item does not apply

**COMMENTS:** The NERC Compliance Registry is posted on the NERC website:  
<http://www.nerc.com/page.php?cid=3|25>.

|           |  |   |
|-----------|--|---|
| <b>3.</b> | <p>The NERC NCR shall set forth the identity and functions performed for each organization responsible for meeting requirements of the reliability standards</p> <p><i>RoP 501.1.1</i></p> <p><b>NERC is requested to attest whether it adhered to the statement listed above.</b></p> | <input checked="" type="checkbox"/> <b>Attest</b><br><input type="checkbox"/> <b>Deviation from ORCP</b><br><input type="checkbox"/> <b>N/A</b> |
|-----------|--|---|

For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:

For items with a response of N/A, list the reason that the item does not apply

**COMMENTS:** The NERC Compliance Registry is posted on the NERC website:  
<http://www.nerc.com/page.php?cid=3|25>.

|           |  |   |
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| <b>4.</b> | <p>NERC and Regional Entities assisting NERC in the development of the NCR shall consider various factors in determining which organizations should be placed in the NCR</p> <p><i>RoP 501.1.2</i></p> <p><b>NERC is requested to attest whether it adhered to the statement listed above.</b></p> | <input checked="" type="checkbox"/> <b>Attest</b><br><input type="checkbox"/> <b>Deviation from ORCP</b><br><input type="checkbox"/> <b>N/A</b> |
|-----------|--|---|

For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:

For items with a response of N/A, list the reason that the item does not apply

**COMMENTS:** The majority of the registration process is delegated to the regions. However, NERC does the final posting of the compliance register and does provide oversight/consulting regarding technical issues on who should or should not be registered. The governing documents here are the NERC RoP section 500 and Appendix 5: <http://www.nerc.com/page.php?cid=1|8|169>; and the NERC Statement of Compliance Registry Criteria: [http://www.nerc.com/files/Statement\\_Compliance\\_Registry\\_Criteria-V5-0.pdf](http://www.nerc.com/files/Statement_Compliance_Registry_Criteria-V5-0.pdf). Lastly, NERC does have a NCR procedure for the process steps regarding registration, namely, NPP-CO-100.R0 — Organization Registration Process.

|           |   |   |
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| <b>5.</b> | <p>NERC and the Regional Entities shall use proper procedures for establishing and maintaining the NCR.</p> <p><i>RoP 501.1.3</i></p> <p><b>NERC is requested to attest whether it adhered to the statement listed above.</b></p> | <input checked="" type="checkbox"/> <b>Attest</b><br><input type="checkbox"/> <b>Deviation from ORCP</b><br><input type="checkbox"/> <b>N/A</b> |
|-----------|---|---|

For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:

For items with a response of N/A, list the reason that the item does not apply

**COMMENTS:** The majority of the registration process is delegated to the regions. However, NERC does the final posting of the compliance register and does provide oversight/consulting regarding technical issues on who should or should not be registered. The governing documents here are the NERC RoP section 500 and Appendix 5: <http://www.nerc.com/page.php?cid=1|8|169>; and the NERC Statement of Compliance Registry Criteria: [http://www.nerc.com/files/Statement\\_Compliance\\_Registry\\_Criteria-V5-0.pdf](http://www.nerc.com/files/Statement_Compliance_Registry_Criteria-V5-0.pdf). Lastly, NERC does have a NCR procedure for the process steps regarding registration, namely, NPP-CO-100.R0 — Organization Registration Process.

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| <b>6.</b> | <p>For all geographical or electrical areas of the bulk power system, the registration process shall ensure that (1) no areas are lacking any entities to perform the duties and tasks identified in and required by the reliability standards to the fullest extent practical, and (2) there is no duplication of such coverage or of required oversight of such coverage.</p> <p><i>RoP 501.1.4</i></p> <p><b>NERC is requested to attest whether it adhered to the statement listed above.</b></p> | <input checked="" type="checkbox"/> <b>Attest</b><br><input type="checkbox"/> <b>Deviation from ORCP</b><br><input type="checkbox"/> <b>N/A</b> |
|-----------|---|---|

For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:

For items with a response of N/A, list the reason that the item does not apply

**COMMENT:** This is delegated via the DA to each regional entity <http://www.nerc.com/page.php?cid=1|9|119|181>.

|           |   |   |
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| <b>7.</b> | <p>NERC shall maintain the NCR of organizations responsible for meeting the requirements of the reliability standards currently in effect on its Web site and shall update the NCR monthly.</p> <p><i>RoP 501.1.5</i></p> <p><b>NERC is requested to attest whether it adhered to the statement listed above.</b></p> | <input checked="" type="checkbox"/> <b>Attest</b><br><input type="checkbox"/> <b>Deviation from ORCP</b><br><input type="checkbox"/> <b>N/A</b> |
|-----------|---|---|

For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:

For items with a response of N/A, list the reason that the item does not apply

|   |   |   |
|---|---|---|
| <p><b>8.</b></p>  | <p>NERC shall provide for certification of all entities with primary reliability responsibilities requiring certification as established in the NERC reliability standards.</p> <p><i>RoP 501.2</i></p> <p><b>NERC is requested to attest whether it adhered to the statement listed above.</b></p>   | <p><input type="checkbox"/> Attest</p> <p><input checked="" type="checkbox"/> Deviation from ORCP</p> <p><input type="checkbox"/> N/A</p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>There are a total of 124 entities that should have been provisionally certified yet were not. NERC has already identified those entities that are to be provisionally certified and will issue letters on or before March 25, 2011. NERC has also identified 10 other entities that are registered yet have not completed a readiness assessment however, all have completed a compliance audit; therefore, per the RoP, they need to complete a certification review per the NERC Rules of Procedure. To complete this, NERC will get with the applicable regions and schedule a certification review. It is expected to complete these certifications on or before the fourth quarter of 2012.</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> |   |   |
| <p><b>9.</b></p>  | <p>NERC shall develop and maintain a plan to ensure the continuity of organization registration and certification within the geographic or electrical boundaries of a Regional Entity in the event that no entity is certified as a Regional Entity for that Regional Entity, or the Regional Entity withdraws as a Regional Entity, or does not operate its organization registration and certification program in accordance with delegation agreements and other requirements.</p> <p><i>RoP 501.3.2</i></p> <p><b>NERC is requested to attest whether it adhered to the statement listed above.</b></p> | <p><input checked="" type="checkbox"/> Attest</p> <p><input type="checkbox"/> Deviation from ORCP</p> <p><input type="checkbox"/> N/A</p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> <p><b>COMMENT:</b> We have a draft procedure for this "NPP-ORC-005.D0 - NERC Transition Plan Procedure".</p>  |   |   |

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| <p><b>10.</b></p>   | <p>NERC shall develop and maintain a program to monitor and oversee each Regional Entity registration and certification program that is delegated authority through a delegation agreement or other applicable agreement.</p> <p><i>RoP 501.3.3</i><br/> <i>NERC developed an audit program that included assessment of the REs Registration and Certification Process. The audits were performed by an independent consulting firm. Some of the audit criteria steps performed to assess the RE registration process included:</i></p> <ul style="list-style-type: none"> <li>• <i>Sampling registrations to assure correctness per the NERC Statement of Compliance Registration Criteria</i></li> <li>• <i>Accuracy verification between NERC and the REs registration database at specific time points.</i></li> </ul> <p><i>No significant issues with the REs registration process were identified as a result of the independent audit.</i></p> <p><i>Certification was also assessed during the audit where applicable to the audited RE. The audit criteria included validation of the certification process met each requirement of the RoP and Appendix 5. No issues were identified with the REs certification responsibilities as outlined in the RoP.</i></p> <p><b>NERC is requested to attest whether it adhered to the statement listed above.</b></p> | <p><input checked="" type="checkbox"/> <b>Attest</b></p> <p><input type="checkbox"/> <b>Deviation from ORCP</b></p> <p><input type="checkbox"/> <b>N/A</b></p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> |   |  |

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| <p><b>11.</b></p>   | <p>To ensure consistency and fairness of the program, NERC shall develop procedures to be used by all Regional Entities in carrying out their organization registration and certification programs.</p> <p><i>RoP 502.2</i></p> <p><b>NERC is requested to attest whether it adhered to the statement listed above.</b></p> | <p><input checked="" type="checkbox"/> <b>Attest</b></p> <p><input type="checkbox"/> <b>Deviation from ORCP</b></p> <p><input type="checkbox"/> <b>N/A</b></p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> <p><b>COMMENTS:</b> The majority of the registration process is delegated to the regions. However, NERC does the final posting of the compliance register and does provide oversight/consulting regarding technical issues on who should or should not be registered. The governing documents here are the NERC RoP section 500 and Appendix 5: <a href="http://www.nerc.com/page.php?cid=1 8 169">http://www.nerc.com/page.php?cid=1 8 169</a>; and the NERC Statement of Compliance Registry Criteria: <a href="http://www.nerc.com/files/Statement_Compliance_Registry_Criteria-V5-0.pdf">http://www.nerc.com/files/Statement_Compliance_Registry_Criteria-V5-0.pdf</a>. Lastly, NERC does have a NCR procedure for the process steps regarding registration, namely, NPP-CO-100.R0 — Organization Registration Process.</p> <p>All certifications are completed in accordance with RoP Appendix 5. This "manual" does provide adequate instructions to complete certification projects. The CCC spot check team recommended that we post the templates with a procedure providing instructions regarding the templates, these are posted on the NERC website <a href="http://www.nerc.com/page.php?cid=3 25 294">http://www.nerc.com/page.php?cid=3 25 294</a>.</p> |   |  |
| <p><b>12.</b></p>   | <p>NERC shall maintain an appeals process to resolve any disputes related to registration or certification activities.</p> <p><i>RoP 504.1</i></p> <p><b>NERC is requested to attest whether it adhered to the statement listed above.</b></p>  | <p><input checked="" type="checkbox"/> <b>Attest</b></p> <p><input type="checkbox"/> <b>Deviation from ORCP</b></p> <p><input type="checkbox"/> <b>N/A</b></p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p>   |   |  |



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| <p><b>13.</b></p>   | <p>NERC shall provide for an independent audit of its organization certification program at least once every three years, or more frequently, as determined by the board. The audit shall be conducted by independent expert auditors as selected by the board.</p> <p><i>RoP 506</i></p> <p><b>NERC is requested to attest whether it adhered to the statement listed above.</b></p>  | <p><input checked="" type="checkbox"/> <b>Attest</b></p> <p><input type="checkbox"/> <b>Deviation from ORCP</b></p> <p><input type="checkbox"/> <b>N/A</b></p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> |  |  |
| <p><b>14.</b></p>   | <p>In addition to registering as the entity responsible for all functions that it performs itself, an entity may register as a JRO on behalf of one or more of its members or related entities for one or more functions for which such members or related entities would otherwise be required to register and, thereby, accept on behalf of such members or related entities all compliance responsibility for that function or those functions including all reporting requirements. Any entity seeking to register as a JRO must submit a written agreement with its members or related entities for all requirements/sub-requirements for the function(s) for which the entity is registering for and takes responsibility for, which would otherwise be the responsibility of one or more of its members or related entities. Neither NERC nor the Regional Entity shall be parties to any such agreement, nor shall NERC or the Regional Entity have responsibility for reviewing or approving any such agreement, other than to verify that the agreement provides for an allocation or assignment of responsibilities consistent with the JRO registration. <i>RoP 507.1</i></p> <p><b>NERC is requested to attest that the JRO agreements provide for an allocation or assignment of responsibilities consistent with the joint registration</b></p> | <p><input checked="" type="checkbox"/> <b>Attest</b></p> <p><input type="checkbox"/> <b>Deviation from ORCP</b></p> <p><input type="checkbox"/> <b>N/A</b></p> |

For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:

For items with a response of N/A, list the reason that the item does not apply

**COMMENTS:** The NERC Compliance Registry (with applicable JROs) is posted on the NERC website: <http://www.nerc.com/page.php?cid=3|25>. The majority of the registration process is delegated to the regions. However, NERC does the final posting of the compliance register and does provide oversight/consulting regarding technical issues on who should or should not be registered. The governing documents here are the NERC RoP section 500 and Appendix 5: <http://www.nerc.com/page.php?cid=1|8|169>; and the NERC Statement of Compliance Registry Criteria: [http://www.nerc.com/files/Statement\\_Compliance\\_Registry\\_Criteria-V5-0.pdf](http://www.nerc.com/files/Statement_Compliance_Registry_Criteria-V5-0.pdf). Lastly, NERC does have a NCR procedure for the process steps regarding registration, namely, NPP-CO-100.R0 — Organization Registration Process.

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| <b>15.</b> | <p>NERC shall maintain, and post on its Web site, a JRO registry listing all JRO registrations that have been reviewed and accepted by the Regional Entity. The posting shall identify the JRO entity taking compliance responsibilities for itself and its members.<br/> <i>RoP 507.7</i></p> <p><b>NERC is requested to attest whether it adhered to the statement listed above.</b></p> | <input checked="" type="checkbox"/> <b>Attest</b><br><input type="checkbox"/> <b>Deviation from ORCP</b><br><input type="checkbox"/> <b>N/A</b> |
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For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:

For items with a response of N/A, list the reason that the item does not apply

**COMMENTS:** The NERC Compliance Registry (with applicable JROs) is posted on the NERC website: <http://www.nerc.com/page.php?cid=3|25>. The majority of the registration process is delegated to the regions. However, NERC does the final posting of the compliance register and does provide oversight/consulting regarding technical issues on who should or should not be registered. The governing documents here are the NERC RoP section 500 and Appendix 5: <http://www.nerc.com/page.php?cid=1|8|169>; and the NERC Statement of Compliance Registry Criteria: [http://www.nerc.com/files/Statement\\_Compliance\\_Registry\\_Criteria-V5-0.pdf](http://www.nerc.com/files/Statement_Compliance_Registry_Criteria-V5-0.pdf). Lastly, NERC does have a NCR procedure for the process steps regarding registration, namely, NPP-CO-100.R0 — Organization Registration Process.

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| <p><b>16.</b></p>   | <p>In addition to registering as an entity responsible for all functions that it performs itself, multiple entities may each register using a CFR for one or more reliability standard(s) and/or for one or more requirements/sub-requirements within particular reliability standard(s) applicable to a specific function. The CFR submission must include a written agreement that governs itself and clearly specifies the entities' respective compliance responsibilities. The registration of the CFR is the complete registration for each entity. Additionally, each entity shall take full compliance responsibility for those standards and/or requirements/sub-requirements it has registered for in the CFR. Neither NERC nor the Regional Entity shall be parties to any such agreement, nor shall NERC or the Regional Entity have responsibility for reviewing or approving any such agreement, other than to verify that the agreement provides for an allocation or assignment of responsibilities consistent with the CFR.</p> <p><i>RoP 508.1</i></p> <p><b>NERC is requested to attest that the CFR agreements provide for an allocation or assignment of responsibilities consistent with the CFR registration.</b></p> | <p><input checked="" type="checkbox"/> <b>Attest</b></p> <p><input type="checkbox"/> <b>Deviation from ORCP</b></p> <p><input type="checkbox"/> <b>N/A</b></p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> <p><b>COMMENTS:</b> The NERC Compliance Registry (with applicable CFRs) is posted on the NERC website: <a href="http://www.nerc.com/page.php?cid=3 25">http://www.nerc.com/page.php?cid=3 25</a>. The majority of the registration process is delegated to the regions. However, NERC does the final posting of the compliance register and does provide oversight/consulting regarding technical issues on who should or should not be registered. The governing documents here are the NERC RoP section 500 and Appendix 5: <a href="http://www.nerc.com/page.php?cid=1 8 169">http://www.nerc.com/page.php?cid=1 8 169</a>; and the NERC Statement of Compliance Registry Criteria: <a href="http://www.nerc.com/files/Statement_Compliance_Registry_Criteria-V5-0.pdf">http://www.nerc.com/files/Statement_Compliance_Registry_Criteria-V5-0.pdf</a>. Lastly, NERC does have a NCR procedure for the process steps regarding registration, namely, NPP-CO-100.R0 — Organization Registration Process.</p> |  |  |

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| <p><b>17.</b></p>   | <p>NERC shall maintain, and post on its Web site, a CFR registry listing all CFR registrations that have been accepted by NERC or by a Regional Entity. The posting shall clearly list all the reliability standards or requirements/subrequirements thereof for which each entity of the CFR is responsible for under the CFR.</p> <p><i>RoP 508.6</i></p> <p><b>NERC is requested to attest whether it adhered to the statement listed above.</b></p> | <p><input checked="" type="checkbox"/> <b>Attest</b></p> <p><input type="checkbox"/> <b>Deviation from ORCP</b></p> <p><input type="checkbox"/> <b>N/A</b></p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> <p><b>COMMENTS:</b> The NERC Compliance Registry (with applicable CFRs) is posted on the NERC website: <a href="http://www.nerc.com/page.php?cid=3125">http://www.nerc.com/page.php?cid=3125</a>.</p> |   |  |

**Additional Information**

Are there any self identified non-conformances or deviations from the ORCP that NERC has not identified above?

**Comments:**

**Certification Signatures:**



**Michael Moon**  
**Director Compliance Operations**



**Jim Hughes**  
**Manager of Organization Registration and Certification**

## Compliance and Certification Committee (CCC)

### Self-Certification Form for Reliability Standards Applicable to NERC

In accordance with CCCPP-002, the CCC ERO Monitoring Subcommittee has developed a subset of self-certification items related to the monitoring and determining compliance to Reliability Standards Applicable to NERC. The CCC is requesting that NERC self-certify adherence to the Rules of Procedure (Section 405) for the Program for Reliability Standards Applicable to NERC with respect to the subset of self-certification items as listed below. In addition the CCC is requesting a summary report of NERC's self-certification responses at its first regularly scheduled meeting in 2011.

Please complete and return the self-certification form below. The form consists of 9 items chosen from the NERC RoP for Compliance Monitoring Program for Reliability Standards (CMPRS) with an associated statement requesting NERC's attestation and a section to identify any deviations to the NERC CMPRS. The CCC is asking that the appropriate party or person(s) at NERC respond to each statement requesting attestation. Acceptable responses are as follows:

- **"Attest"** – which is a representation that NERC is self-certifying it has complied on all occasions to the CMPRS or the Reliability Standards.
- **"Deviation from CMPRS"** – which is an indication that the CMPRS or the Reliability Standards were not followed. A written explanation of each deviation requires when and why the deviation occurred, and should include any additional information that would provide clarity.
- **"N/A"** - Would be expected for CMPRS or the Reliability Standard requirements that were not applicable. A response of "N/A" requires NERC to include it's reasoning of why a not applicable response to an attestation statement is appropriate.

Please provide responses no later than 30 business days from receipt of this document.

Respectfully,

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Clay Smith  
Chair – NERC Compliance and Certification Committee

Date of Self- Certification Submittal: **March 2, 2011**

Period Covered by Self - Certification: **January 1, 2010 to December 31, 2010**

| Note  |
|---|
| Provide reference information/evidence for all items that NERC is in compliance with as indicated by checking the "Attest" box. Provide this information in an attached document. |

| Item #  | Reliability Standards Applicable to NERC  | Response   |
|---|---|--|
| 1.  | CIP-002-1<br>Has NERC conducted a vulnerability risk assessment?<br><br><b>NERC is requested to attest whether the assessment was performed and that any necessary controls were in place to ensure adherences to the requirements and that no deviations from these requirements occurred.</b> | <input checked="" type="checkbox"/> Attest<br><input type="checkbox"/> Deviation from CMEP<br><input type="checkbox"/> N/A |
| <p>NERC performs annual risk assessments. NERC has concluded that it does not have any critical assets as defined in CIP-002 or NERC's <i>Glossary of Reliability Terms</i>.</p> <p>Nonetheless, NERC does have information systems that are deemed critical to meeting its business objectives and has established an information security program for the purposes of protecting those assets. This program, formalized in 2003, is based on the CIP-003 — CIP-009 framework.</p> <p><i>The responses provided in subsequent sections of this form address NERC's critical business assets rather than Critical Assets or Critical Cyber Assets as defined in CIP-002 or NERC's Glossary of Terms.</i></p> <p>For each deviation, identify and explain why the assessment was not performed or any where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply:</p> |   |  |
| 2.  | CIP-003-1<br>Has NERC established security management controls to protect Critical Cyber Assets?<br><br><b>NERC is requested to attest whether it has provided effective controls to ensure that Critical Cyber Assets are protected.</b>   | <input type="checkbox"/> Attest<br><input type="checkbox"/> Deviation from CMEP<br><input checked="" type="checkbox"/> N/A |

For each deviation, identify and explain any situation where any necessary controls were not in place, including when and why it occurred:

For items with a response of N/A, list the reason that the item does not apply:

This does not apply as NERC does not have Critical Assets. However, NERC has implemented management controls appropriate to secure its business systems. NERC's Chief Information Officer is the senior manager appointed to oversee the Information Security Program. The CIO provides regular reports to the Board of Trustees' Standards Oversight and Technology Committee regarding the status of the program. Further, an Information Classification program exists and controls are in place to protect information relative to its classification.

NERC is working with a third party to evaluate its information security program and may be implementing additional cyber and physical controls as recommended.

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| <b>3.</b> | <p>CIP-004-1<br/>         Has NERC provided an appropriate level of personal risk assessment, training, and security awareness?</p> <p><b>NERC is requested to attest whether the necessary personal risk assessment, training and security awareness has been provided and appropriate documentation is available.</b></p> | <input type="checkbox"/> <b>Attest</b><br><input type="checkbox"/> <b>Deviation from CMEP</b><br><input checked="" type="checkbox"/> <b>N/A</b> |
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If the necessary activities and any necessary controls were not in place, please explain.

For items with a response of N/A, list the reason that the item does not apply

This does not apply as NERC does not have Critical Assets. However, similar to the requirements in CIP-004, NERC requires background screens on all employees prior to employment. Background screenings are required for each employee in seven year intervals thereafter.

Further, NERC has implemented a security awareness program. General security awareness is provided for each new employee as part of new hire orientation. All employees are required to take a computer-based security awareness course once per year. The course content focuses on user roles and responsibilities with respect to cyber and physical security as documented in NERC's information security policies.

To maintain security awareness, additional information is distributed to all NERC personnel via e-mail and postings to NERC's internal website at various times throughout each year.

NERC IT staff who manage NERC's network, servers, and databases receive more detailed training covering specific NERC information security requirements, processes, and procedures as well as best IT industry practices.

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| <p><b>4.</b></p>  | <p>CIP-005-1<br/>                 Has NERC identified and taken necessary precautions to protect the security perimeter(s) inside which all Critical Cyber Assets reside as well as all access points including required monitoring?<br/><br/> <b>NERC is requested to attest whether it has identified all security perimeters and their access points as prescribed in CIP-005-1.</b></p> | <p><input type="checkbox"/> Attest<br/> <input type="checkbox"/> Deviation from CMEP<br/> <input checked="" type="checkbox"/> N/A</p> |
| <p>For each deviation, identify and explain each deviation, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> <p>This does not apply as NERC does not have Critical Assets. However, NERC has identified and documented its electronic security perimeter and access points, and performs requisite monitoring and logging similar to requirements prescribed in CIP-005.</p> <p>Security controls on NERC’s electronic perimeter, such as firewalls and intrusion detection systems, detect and prevent unauthorized access. Access is denied by default and only required ports and services are enabled.</p> <p>NERC also performs annual and quarterly penetration testing to assess the efficacy of its perimeter controls. Testing is performed by an independent security consultant, SecureState LLC.</p> |   |   |
| <p><b>5.</b></p>  | <p>CIP-006-1<br/>                 Has NERC implemented a physical security program for the protection of Critical Cyber Assets:<br/><br/> <b>NERC is requested to attest whether it has created and maintains a physical security plan as specified in CIP-006-1.</b></p>   | <p><input type="checkbox"/> Attest<br/> <input type="checkbox"/> Deviation from CMEP<br/> <input checked="" type="checkbox"/> N/A</p> |
| <p>For each deviation, identify and explain any situation where the program and any necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply:</p> <p>This does not apply as NERC does not have Critical Assets. However, NERC does have a physical security plan, the elements of which are modeled after the requirements contained in CIP-006.</p> <p>NERC has identified and documented its physical security perimeter and access points, and implemented physical security controls to detect and prevent unauthorized access. Access is monitored and logged 24 hours per day, 7 days per week. A visitor management program is in place.</p> <p>Physical security controls have been inspected by the vendor and deemed to be in good working order.</p>                        |   |   |



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| <p><b>6.</b></p>   | <p>CIP-007-1<br/>         Has NERC provided for Security Patch Management, Malicious Software Prevention, Account Management, Security Status Monitoring, Disposal or Redeployment, Cyber Vulnerability Assessment, Documentation Review and Maintenance and testing as prescribed in CIP-007-1?<br/><br/> <b>NERC is requested to attest whether it has met all the requirements as prescribed in CIP-007-1.</b></p> | <p><input type="checkbox"/> Attest<br/> <input type="checkbox"/> Deviation from CMEP<br/> <input checked="" type="checkbox"/> N/A</p> |
| <p>For each deviation, identify and explain any situation where the required activities and any necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> <p>This does not apply as NERC does not have Critical Assets. However, NERC has documented and implemented a patch management program similar in nature to that described in CIP-007. Patches on all systems are up-to-date. With the exception of NERC's ICCP server (see item 9 below), malware prevention software is deployed and signatures are updated as recommended by the vendor. Administrative and technical controls are in place to manage and monitor account access. A disposal policy and implementing procedures are in place.</p> <p>A third party conducts around the clock security monitoring. This enhances incident detection and response and provides privileged user account monitoring and adherence to acceptable use policy.</p> <p>NERC also performs annual systems vulnerability assessments. These are performed by an independent security consultant, SecureState LLC. The most recent assessment was performed in October, 2010.</p> |   |   |
| <p><b>7.</b></p>   | <p>CIP-008-1<br/>         Does NERC have a Cyber Security Incident Response Plan and is it being maintained as prescribed in CIP-008-1?<br/><br/> <b>NERC is requested to attest whether it has created and maintains a Cyber Security Incident Response plan as specified in CIP-008-1.</b></p>  | <p><input type="checkbox"/> Attest<br/> <input type="checkbox"/> Deviation from CMEP<br/> <input checked="" type="checkbox"/> N/A</p> |
| <p>For each deviation, identify and explain any situation where the plan and any necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply:</p> <p>This does not apply as NERC does not have Critical Assets. However, NERC does have an Incident Response Plan, which is focused on containing a security breach and re-establishing preventive and detective controls to prevent further harm.</p> <p>NERC's third-party security monitoring firm provides after-the-fact forensic assessment should it be necessary.</p>  |   |   |

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| <p><b>8.</b></p>  | <p>CIP-009-1<br/>         Does NERC have a Cyber Security Recovery Plan?</p> <p><b>NERC is requested to attest whether it has created and maintains a Cyber Security Recovery Plan as prescribed in CIP-009-1.</b></p>   | <p><input type="checkbox"/> Attest</p> <p><input type="checkbox"/> Deviation from CMEP</p> <p><input checked="" type="checkbox"/> N/A</p> |
| <p>For each deviation, identify and explain any situation where necessary controls were not in place, including when and why it occurred:</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> <p>This does not apply as NERC does not have Critical Assets. NERC has a documented Disaster Recovery Plan, which details the steps to return specific business assets to service following a prolonged service disruption. The plan defines roles and responsibilities as well as the order in which assets are to be restored, based on criticality to business operations.</p> <p>NERC is relocating its computing infrastructure to a world-class data center in Atlanta, Georgia, necessitating the development of a new Disaster Recovery Plan. An independent security consultant will be hired to assist in the development of that plan.</p>   |  |   |
| <p><b>9.</b></p>  | <p>COM-001-1<br/>         Does NERC comply with Attachment 1-COM-001 and have a NERCnet Security Policy as prescribed in COM-001-1?</p> <p><b>NERC is requested to attest whether it complies with all the requirements of COM-001-1 and Attachment 1.</b></p> | <p><input checked="" type="checkbox"/> Attest</p> <p><input type="checkbox"/> Deviation from CMEP</p> <p><input type="checkbox"/> N/A</p> |
| <p>For each deviation, identify and explain any situation where the policy and any necessary controls were not in place, including when and why it occurred:</p> <p>NERC, as a NERCnet User Organization, is subject to COM-001-1 Requirement 6, which mandates adherence to Appendix 1, NERCnet Security Policy. NERC attests it complies with the requirements of Appendix 1 as well as the Minimum Security Requirements for NERCnet stipulated by the Telecommunications Working Group (TWG).</p> <p>NERC's use of the security controls described above also protect NERCnet data as prescribed in COM-001, Attachment 1.</p> <p>The ICCP network is logically separated from NERC's internal network using firewalls. An intrusion detection system is in place. Servers operate in a high-availability configuration. Anti-malware and anti-virus software are deployed and signatures kept up to date. As December 31, 2010, NERC was operating the most recent version of its ICCP software and has procedures in place to ensure operating system and software patches are evaluated and applied expeditiously.</p> <p>For items with a response of N/A, list the reason that the item does not apply</p> |  |   |

**Comments:**

**Certification Signatories:**



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**Lynn P. Costantini**  
**Vice President and Chief Information Officer**

# NERC

NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

## NERC Compliance and Certification Committee Criteria for Annual Regional Entity Program Evaluation CCCPP-010-2

to ensure  
the reliability of the  
bulk power system

June 23, 2011  
Version 2.0

116-390 Village Blvd., Princeton, NJ 08540  
609.452.8060 | 609.452.9550 fax  
[www.nerc.com](http://www.nerc.com)

|  |                                     |   |
|--|-------------------------------------|---|
| NERC Compliance and Certification Committee                          |                                     | CCCPP-010-2                             |
| <b>Title:</b> Criteria for Annual Regional Entity Program Evaluation |                                     |   |
| <b>Version:</b> 2.0  | <b>Revision Date:</b> June 23, 2011 | <b>Effective Date:</b> November 4, 2009 |

### Summary

The criteria set forth in this document, by the CCC in accordance with Section 402.1.2 of the NERC Rules of Procedure, are for use by NERC in evaluating the effectiveness and adherence of the Regional Entities to the Compliance Monitoring and Enforcement Program.

### Revision History

| <b>Date</b> | <b>Version Number</b> | <b>Comments</b>  |
|-------------|-----------------------|--|
| 07/13/2009  | 1.0                   | Draft for CCC Approval   |
| 07/24/2009  | 1.0                   | Approved by the CCC  |
| 11/04/2009  | 1.0                   | Approved by the CCC  |
| 6/23/2011   | 2.0                   | Revised to reflect prior NERC assessments conducted in accordance with Agreed-Upon Principles and changes to NERC Rules of Procedure |

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# 1. Purpose

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The Compliance and Certification Committee is commissioned with creating a set of criteria for use by NERC in measuring the effectiveness and adherence of the Regional Entities to the Compliance Monitoring and Enforcement Program (CMEP). In accordance with Section 402.1.2 of the NERC Rules of Procedure, the Compliance and Certification Committee (CCC) presents the following criteria for use by NERC in evaluating the “goals, tools, and procedures” employed by the compliance programs of each Regional Entity.<sup>1</sup>

The purpose of Version 2.0 of the Criteria is to update the document in recognition of: (a) the Crowe Audit of the AUP; (b) the purpose of the Criteria is for NERC to evaluate, but not audit, the Regional Entities’ “goals, tools and procedures”, and (c) reflect that NERC and the Regional Entities will increasingly use a risk-based method for determining application of compliance monitoring and enforcement programs.

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<sup>1</sup> **Rule of Procedure 402.1.2 Regional Entity Program Evaluation** — NERC shall annually evaluate the goals, tools, and procedures of each regional entity compliance enforcement program to determine the effectiveness of each regional entity program, using criteria developed by the NERC Compliance and Certification Committee.

## 2. Scope

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The criteria contained in this program document address the following areas of Regional Entity adherence to the CMEP:

- Goals
- Tools
- Procedures

Criteria associated with *Goals* focus on whether Regional Entity goals for respective compliance programs are aligned with the goals established by NERC, communicated widely, and are properly integrated with management and staff performance.

Criteria associated with *Tools* include issues pertaining to the use of information systems supporting handling of Registered Entity data, regular compliance activities such as self-certifications, analytical tools used to evaluate data submittals, and overall IT capabilities.

Criteria associated with *Procedures* are based on requirements stipulated in the CMEP where actions are assigned to a Compliance Enforcement Authority as synonymous with a Regional Entity.



## 3. Use

The criteria contained in this document are for use in NERC's annual assessment of each Regional Entity. NERC will decide the exact form and usage of the criteria contained in this document and may choose to include criteria in formal audit documentation or in guides as extracted from this program document.

Criteria may be used selectively by NERC in an effort to prioritize monitoring. Some criteria may not be employed while others may be investigated to varying degrees based on needs established by NERC. The most effective use of the criteria is through selective testing. Testing all criteria during the course of a single assessment or audit may not have sufficient benefit to warrant the commitment of time and resources.

Possible determining factors in selecting criteria use and depth of investigation may include, but is not limited to:

- Input from the annual Survey of Stakeholder Perceptions of the Effectiveness of NERC's Compliance Monitoring and Enforcement Program
- Adherence to NERC's Rules of Procedure including the CMEP
- Regional Entity handling of active Enforcement matters

Based on these and other inputs, criteria may change from time to time.

The CCC's objective in establishing this criteria is to assist NERC in determining the effectiveness of each Regional Entity's compliance enforcement program. NERC need not conduct audits of the Regional Entities to administer this program. In addition, Regional Entities responses should not necessarily be considered "right" or "wrong", but rather descriptive of goals, tools, procedures currently employed by each Regional Entity.

In order to ensure that criteria are used in accordance with Section 402.1.2, NERC will annually submit to the CCC evidence of criteria use including but not limited to audit procedures, internal guidelines, auditor work papers, and/or final reports. The CCC will receive the annual submission and determine acceptability within 30 days of receipt.

## 4. Criteria Section

### Goals Criteria

Regional Entity goals in relation to the execution of a compliance program are examined to evaluate use and function within the organization. A key principle assumed by the criteria is that goals for monitoring and enforcing compliance to NERC and Regional Reliability Standards should be aligned or coordinated with NERC.

| Subject        | Criteria   |
|----------------|--|
| Goals Criteria | Does the Regional Entity have a documented set of goals?                       |
| Goals Criteria | How are these goals aligned with the goals established by NERC?                |
| Goals Criteria | How are Regional Entity goals communicated to RE staff?                        |
| Goals Criteria | Are Regional Entity goals included in key performance indicators for RE staff? |
| Goals Criteria | Are Regional Entity goals published on the entity website?                     |
| Goals Criteria | How does the Regional Entity measure effectiveness of its goals?               |

### Tools Criteria

Criteria for monitoring a Regional Entity's effective use of tools in executing a compliance program may be divided into three categories: Data Management, Compliance Management, and Overall Capabilities.

The topic of Data Management includes issues on how the Regional Entity manages information both internally and in relation to data received from NERC and Registered Entities.

Overall Capabilities include questions aimed at identifying the general ability of the Regional Entity to effectively manage information technology.

| Subject         | Criteria  |
|-----------------|---|
| Data Management | What systems are used for handling entity data?   |
| Data Management | How does the Regional Entity manage volumes of data incoming from Registered Entities as part of a) Data Submittals, b) Spot-Checks, c) Mitigation Plan Evidence, and d) Audits |
| Data Management | How does the Regional Entity secure Registered Entity data?   |
| Data Management | How long does the Regional Entity retain data; is this NERC directed?   |
| Data Management | Does Regional Entity perform access audits to data to ensure only authorized persons have access?   |

4. Criteria Section

|                       |   |
|-----------------------|---|
| Data Management       | How does the Regional Entity manage access control to data?   |
| Compliance management | What systems are used for interfacing with Registered Entities for regular compliance functions such as self-certifications, data submittals, and/or spot-checks? |
| Compliance Management | How was the system selected? What review process was undertaken to evaluate the system? Were other Regional Entities consulted in the selection?                  |
| Compliance Management | Other than automated forms for processing routine compliance actions, what other features or functions does the compliance software handle?                       |
| Compliance Management | What system(s) is used to plan for compliance dates and how is this tracked?  |
| Overall Capabilities  | How many staff members are assigned full-time to information technology including both systems administration and application development?                        |
| Overall Capabilities  | What percentage of IT related tasks are outsourced to third-party contractors?  |
| Overall Capabilities  | What part of the organization do the IT professionals report to?  |
| Overall Capabilities  | What IT projects have been delayed/canceled due to insufficient staff?  |
| Overall Capabilities  | Has the Regional Entity performed an assessment for meeting CIP compliance for its cyber assets?  |

**Procedures Criteria**

The following criteria measure the effectiveness by which the Regional Entity executed its responsibilities under the CMEP.

| <b>CMEP SECTION</b> | <b>Section Title</b>   | <b>Activity</b>  | <b>Criteria</b>  |
|---------------------|--|--|--|
| 2.0                 | Identification of Organizations Responsible for Complying with Reliability Standards | The Compliance Enforcement Authority (CEA) shall register the organizations responsible for complying with the Reliability Standards, in accordance with Section 500 of the NERC Rules of Procedure. | Does the Regional Entity have a registration process document?<br><br>Did the Regional Entity register entities in accordance with the procedure? (Sample at least five of each function)?<br>Are all the entities registered consistently per function? |

4. Criteria Section

| CMEP SECTION | Section Title     | Activity  | Criteria  |
|--------------|-------------------|---|---|
|              |                   |   | <p>Does the Regional Entity map assets to the Registered Entity that owns the asset?</p> <ul style="list-style-type: none"> <li>• If so, what method does the Regional Entity use?</li> </ul> <p>Does the Regional Entity communicate with the Balancing Authority about asset ownership or asset operation, and how various entities are registered within the footprint?</p> <ul style="list-style-type: none"> <li>• If so, how is that communication accomplished and how frequently?</li> </ul> <p>How does the Regional Entity become aware of changed ownership of existing facilities or development of new facilities?</p> |
| 3.1          | Compliance Audits | All Registered Entities are subject to audit for compliance with all Reliability Standards applicable to the functions for which the Registered Entity is registered. | <p>Did the Regional Entity include any NERC Standard on the Regional Entity Annual Audit Plan that was not included on the Actively Monitored List?</p> <ul style="list-style-type: none"> <li>• If so, why, and did the Regional Entity first inform NERC?</li> </ul> <p>Did the Regional Entity include any Regional Reliability Standards on the Regional Entity Audit Plan?</p>   |

4. Criteria Section

| <b>CMEP SECTION</b> | <b>Section Title</b>  | <b>Activity</b>  | <b>Criteria</b>   |
|---------------------|---|--|---|
|                     |   |  | <ul style="list-style-type: none"> <li>• If so, were the Regional Reliability Standards NERC BOTCC approved?</li> </ul> <p>Did the Regional Entity exclude any Standard from its Annual Audit Plan that was included in NERC's Actively Monitored List (AML)?</p> |
| 3.1                 | Compliance Audits   | Compliance Audits are conducted on the registered entity's site to the extent required by NERC Rule of Procedure 403.11.2. | <p>Show us your audit procedure.</p> <p>Does the procedure identify who should receive an on-site or off-site audit?</p> <p>Were audits conducted on site for these "primary" entities?</p>   |
| 3.1.2               | Compliance Enforcement Authority Annual Audit Plan and Schedule | NERC or the Regional Entity provides the annual audit schedules to FERC.   | Which audit schedule has been provided to FERC?   |
| 3.3                 | Spot Checking Process Steps                                     | Request spot-checking and review information.  | Did the spot check include Standards listed in the Actively Monitored List, or others? If others, why?  |

4. Criteria Section

| <b>CMEP SECTION</b> | <b>Section Title</b>                   | <b>Activity</b>   | <b>Criteria</b>  |
|---------------------|--|---|--|
| 3.5                 | Self-Reporting                         | Posts the self-reporting submittal forms, maintained and available on the Web site. | Does the Regional Entity use the exact Self-Report template approved by the ECEMG? If not, what the does the Regional Entity use, and why?   |
| 3.5                 | Self-Reporting                         | The CEA reviews the information to determine compliance.                            | <p>Is there sufficient evidence to show review of self-reports (timeliness)?</p> <p>What methodology does the Regional Entity use to review the Self-Certification?</p> <p>To the extent an entity submits “Not Applicable” in response to a Self-Certification form, what review does the Regional Entity conduct?</p> <p>Does the Regional Entity use the exact Self-Certification template approved by the ECEMG? If not, what the does the Regional Entity use, and why?</p> |
| 3.6.1               | Periodic Data Submittals Process Steps | The CEA makes a request for a Periodic Data Submittal.                              | What tool(s) does Regional Entity use to administer data submittals?   |

4. Criteria Section

| <b>CMEP SECTION</b> | <b>Section Title</b>                   | <b>Activity</b>  | <b>Criteria</b>  |
|---------------------|--|--|--|
| 3.6.1               | Periodic Data Submittals Process Steps | The CEA reviews the data submittal to determine compliance with the Reliability Standards and may request additional data and /or information for a complete assessment. | <p>What department(s) in the Regional Entity administers the part of the Annual Audit Plan that requires Registered Entity to send in data submittals?</p> <p>How does the Regional Entity assess data submittal for determining the registered entity's compliance with the Standard?</p> |
| 3.6.1               | Periodic Data Submittals Process Steps | The CEA completes the assessment and notifies the registrant.  | <p>Was the registrant notified of the assessment (timeliness)?</p> <p>Does Regional Entity notify Registered Entity of outcome of review of data submittal?</p>  |
| 3.8                 | Complaints                             | Review and determine if the complaint may be closed or provides sufficient basis for a CVI. Report the review results to NERC.   | <p>How many complaints as the Regional Entity received?</p> <p>For those Regional Entities that received a complaint, (a) how many resulted in a CVI, and (b) how long before the complaint was settled?</p>   |

4. Criteria Section

| <b>CMEP SECTION</b> | <b>Section Title</b>                                    | <b>Activity</b>  | <b>Criteria</b>   |
|---------------------|---|--|---|
| 4.2                 | Regional Entity Implementation Plan                     | The RE implementation plan and other relevant compliance program documents shall be posted on the RE Web site. | (1) What other relevant documents are posted on the RE Web site? How does the Regional Entity determine what are “other relevant compliance program documents”?   |
| 5.1-5.2             | Preliminary Screen and Assessment of Possible Violation | The CEA reviews information to determine processes.  | <p>Has the Regional Entity modified its program to conduct a “Preliminary Screen” and assess a “Possible Violation” as identified in the most recent CMEP? What tool is used to record a “Preliminary Screen”?</p> <p>What process does the Regional Entity use to determine facts and circumstances of Possible Violation?</p> <p>Does the Regional Entity seek advisory input from a Stakeholder Committee when conducting a compliance action?</p> |
| 5.6                 | Settlement Process                                      | Shall require the registrant to designate an authorized negotiator.  | Has the Regional Entity declined to engage in, or continue Settlement negotiations? If so, why?   |
| 5.6                 | Settlement Process                                      | Must conform to requirements of ROP 403.19   | If the RE settlement process was initiated, how and when did the RE notify NERC of the settlement negotiations?   |



4. Criteria Section

| <b>CMEP SECTION</b> | <b>Section Title</b>                              | <b>Activity</b>                                  | <b>Criteria</b>  |
|---------------------|---|--|--|
| 5.6                 | Settlement Process                                | Shall report the terms of the settlement to NERC | Did the RE notify NERC of the terms of the settlement (how and when)?  |
| 5.6                 | Settlement Process                                | Monetary Sanction                                | What is the longest period of time between a Notice of Penalty approved by FERC and issuance of a payment due notice and invoice to the Registered Entity?                                       |
| 6.0                 | Mitigation of Violations of Reliability Standards |  | Does the Regional Entity allow registered entities to submit draft mitigation plans?<br><br>What process is used to track whether mitigation milestones are being achieved and achieved on time? |

## 5. Administrative

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### **Review Period**

Criteria will be reviewed by the Compliance and Certification Committee on an annual basis. This program document will be updated accordingly and submitted to NERC by the start of each compliance year.

### **Document Retention**

All documents associated with the criteria and their use will be retained by NERC for the longer of three years or the time period associated with other regulatory requirements imposed on NERC as the ERO.

### **Confidentiality**

All documents will be held as confidential and will be handled in accordance with the Compliance and Certification Committee Confidentiality Protocol (CCCP-009-1.0).

## Critical Infrastructure Protection Committee Report

### Action

None

### Background

This report provides a summary of the key activities of the Critical Infrastructure Protection Committee (CIPC) and its associated subgroups in support of the NERC mission and goals and the CIPC charter. The CIPC meeting minutes for the June 8-9, 2011 meeting are on the NERC website at <http://www.nerc.com/filez/cipmin.html>.

*Critical Infrastructure Strategic Initiative – Coordinated Action Plan Activities.* The CIPC, Operating Committee (OC) and Planning Committee (PC) officers and NERC staff continue to direct and manage the coordinated action plan activities as they relate to the recently created task forces. The committee leadership accomplishes this work via conference calls and in-person meetings as needed.

*Classified Briefing for CIPC and Other Industry Participants.* The CIPC and NERC staff continue to work with DHS and DOE staff to plan for a Secret level classified briefing for CIPC members and other industry participants in conjunction with the December 2011 CIPC meeting planned for Atlanta. We will work with our government partners to encourage the provision of quality take-away information that can be shared with industry outside of a classified environment. The efforts by DHS and DOE in this area are very much appreciated and further the goal of increasing the value of the public-private partnership.

*CIPC Executive Committee Review of Draft NERC Alerts.* The CIPC Executive Committee has reviewed and provided feedback to NERC staff on CIP-related draft Alerts. This industry stakeholder review provides NERC with beneficial and quick feedback on draft Alerts before they are finalized and issued to industry. We remain ready to provide requested feedback to NERC staff as needed on future draft Alerts.

*CIPC Continues to Provide a Venue for All Electricity Sector Entities to Discuss CIP Matters.* The CIPC meetings provide opportunity for significant and needed discussion on various critical infrastructure protection matters, including those related to the CIP standards, copper theft, recent NERC Alerts, communications with government partners, and other physical, operational and cyber security areas of concern.

*CIPC Long-Term Strategic Plan.* The CIPC will begin work on developing a long-term strategic plan that will use similar plans from other standing committees as a guide/model. The goal is to have such a plan before the CIPC for approval in the first quarter of 2012.

## **CIPC Subgroup Highlights**

The CIPC has five subgroups and highlights of their work assignments are shown below.

1. *Business Continuity Guideline Task Force (BCGTF)*. The BCGTF is currently assigned the task of updating and combining three CIPC business continuity-related guidelines into one electricity sector-specific guideline for industry use. The TF recently submitted its draft revised guideline to CIPC for approval to post the guideline for a 45-day industry comment period. The CIPC approved posting the guideline for an industry comment period with comments due by August 4<sup>th</sup>.
2. *Control Systems Security Working Group (CSSWG)*. The CSSWG is currently assigned the task of updating and combining nine CIPC control system-related guidelines into one or two electricity sector-specific guidelines for industry use.
3. *Cyber Attack Task Force (CATF)*. The CSSWG has also been assigned the work of the CATF under the Coordinated Action Plan mentioned above. Work on the CATF assignment is the top priority of the CSSWG and work is proceeding on schedule.
4. *Protecting Sensitive Information Guideline Task Force (PSIGTF)*. The PSIGTF is currently assigned the task of updating the CIPC Protecting Sensitive Information Guideline to take into consideration recent developments and to make it more electricity sector-specific. The TF is very close to submitting the draft revised guideline to CIPC for comment.
5. *Substation Guideline Task Force (SGTF)*. The SGTF is currently assigned the task of updating the CIPC Physical Security Substation Guideline to take into consideration recent developments and to make it more electricity sector-specific.
6. *Future working groups or task forces* will be created as needed to address other guidelines that need to be updated, to complete work related to the Coordinated Action Plan Report and to provide support to new or ongoing standard development work as requested by the NERC Standards Committee.

## **Operating Committee Report**

### **Action**

None

### **Background**

This report provides a summary of the key activities of the Operating Committee (OC) and its associated subcommittees, all of which support the NERC or OC mission and NERC corporate goals. The June 2011 OC meeting minutes are posted at <http://www.nerc.com/docs/docs/oc/OC%20Minutes%20-%207-8Jun11-RO.pdf>.

### **Critical Infrastructure Strategic Initiatives: Coordinated Action Plan**

The OC was provided status reports from the Severe Impact Resilience, the Spare Equipment Database, and the Geomagnetic Disturbance task forces.

### **Event Analysis and Investigation Process**

The OC received two presentations of lessons learned; one from Duke Energy and the other from BC Hydro, each related to energy management systems (EMS) connectivity issues. In one instance the root cause was a bad time signal from a domain server and in the other instance an EMS outage occurred due to a firewall software upgrade. The effort to have such event based presentations to share timely lessons learned at each OC meeting is a priority for the committee.

### **Transition of the Interchange Distribution Calculator (IDC)**

NERC staff briefed the committee on the transition of the IDC to the IDC user community. NERC is committed to ensuring a transparent and seamless transition of this important reliability tool. The OC tasked its Operating Reliability Subcommittee to participate with NERC, the IDC vendor and the Eastern Interconnection Reliability Coordinators as this project moves forward.

### **Situation Awareness FERC, NERC, and the Regional Entities**

NERC staff provided a status report regarding development of Version 2 of the SAFNR project. The OC encouraged the SAFNR project team to closely coordinate its development and implementation efforts with the Reliability Coordinator Working Group.

### **Adequate Level of Reliability Task Force**

Following NERC staff's briefing regarding the Member Representatives Committee's Bulk Electric System/Adequate Level of Reliability Policy Issues Task Force, the OC approved the scope of the Adequate Level of Reliability Task Force. The committee assigned two of its members to the task force.

## **OC Subgroup Highlights**

The OC now has 15 subgroups, five of which jointly report to the Planning Committee (PC) and the OC.

### **Joint OC/PC Subgroups Highlights**

1. **Event Analysis Working Group (EAWG)** — The EAWG provided the OC a status report and expectations related to Phase Two of the Event Analysis Process Field Trial.
2. **Reliability Metrics Working Group (RMWG)** — The OC approved posting the 2011 Reliability Performance Analysis Report and the Integrated Reliability Index Concepts white paper for public comment.

### **Other Subgroup Highlights**

1. **Operating Reliability Subcommittee (ORS)** — The ORS presented to the OC for approval a revised scope, which merged the Reliability Coordinator Working Group into the ORS. In addition, the ORS endorsed merging the Distribution Factor Working Group into the IDC Working Group.
2. **Resources Subcommittee (RS)** — The RS continues to address issues related to implementation of the manual time error correction elimination field trial. Three webinars were held with various industry stakeholders.

## Personnel Certification Governance Committee Report

### Action

None

### New Concepts Being Considered

The Personnel Certification Governance Committee (PCGC) is working on documentation of the credential establishment process.

### Future Projects

The PCGC has tabled any modifications to the initial certification requirements to allow the industry to focus on changing operator training requirements. This topic may be readdressed in the future. The committee does not expect to propose changes to the certification program that would require posting for comments at this time.

The PCGC continues to work on thoroughly documenting the certification program budget process to assist in setting the PCGC budget.

### NERC Certification Examination Passing Rate

In 2011 (through June 30), a total of 404 exams were taken with a passing rate of 69.8 percent. The overall pass rates since 1998 remains at 78.0 percent.

| Year  | # of Exams Taken | Number of Exams Passed | PASS Percent |
|-------|------------------|------------------------|--------------|
| 2009  | 1008             | 652                    | 64.7 %       |
| 2010  | 914              | 638                    | 69.8 %       |
| 2011* | 404              | 282                    | 69.8 %       |

\* Through June 30, 2011

### **Credential Maintenance (using CE Hours)**

The certification program began allowing operators to use CE Hours to maintain their credentials on October 1, 2006. The table below shows that the number of new certificates issued annually is declining since a significant number of operators now maintain their credentials using CE Hours.

| <b>Year</b>   | <b>Credentials Maintained</b> | <b>New Certificates</b> |
|---------------|-------------------------------|-------------------------|
| 2006          | 0                             | 943                     |
| 2007          | 109                           | 729                     |
| 2008          | 833                           | 634                     |
| 2009          | 1,200                         | 621                     |
| 2010          | 1,597                         | 638                     |
| 2011*         | 994                           | 282                     |
| <b>Totals</b> | <b>4,733</b>                  | <b>3847</b>             |

\* Through June 30, 2011

### **Certified Operator Population**

The total number of certified system operators with active credentials is 6,164. The population is expected to remain steady or increase slightly over the next two to three years as new Transmission Operators are registered, which involves staffing their real-time control centers with NERC certified system operators.

### **Development of new certification exams**

The Examination Working Group (EWG) is in the process of preparing the new certification exams for each of the four credentials. Exam release is scheduled for the First quarter of 2012.

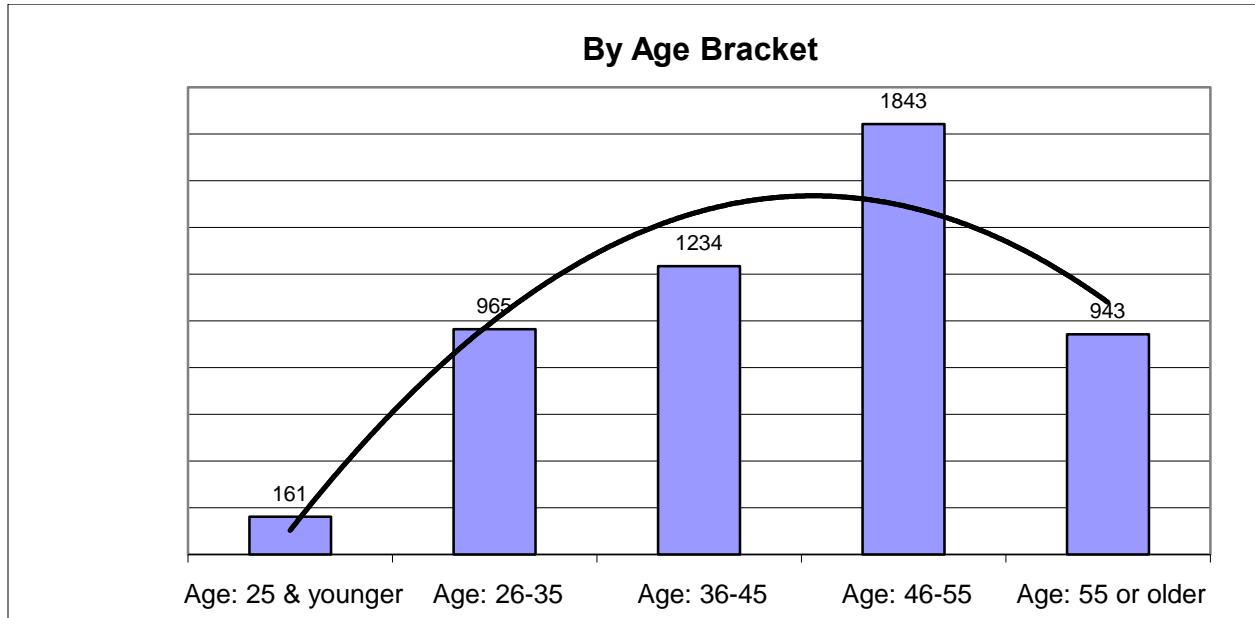
### **System Operator Demographics**

Approximately 5,146 system operators have provided demographic information since collection began in early 2009. This information combines system operators taking their initial exams with those who renewed their credentials through continuing education. Three full years are needed to survey the entire system operator population.

NERC has resumed work on creating a 'dashboard' display that will be updated quarterly to show current trends that are obtained from the demographics collected. Examples are included in Charts 1, 2, and 3, which provide preliminary metrics for average age of system operators, experience in system operations, and years in current position.

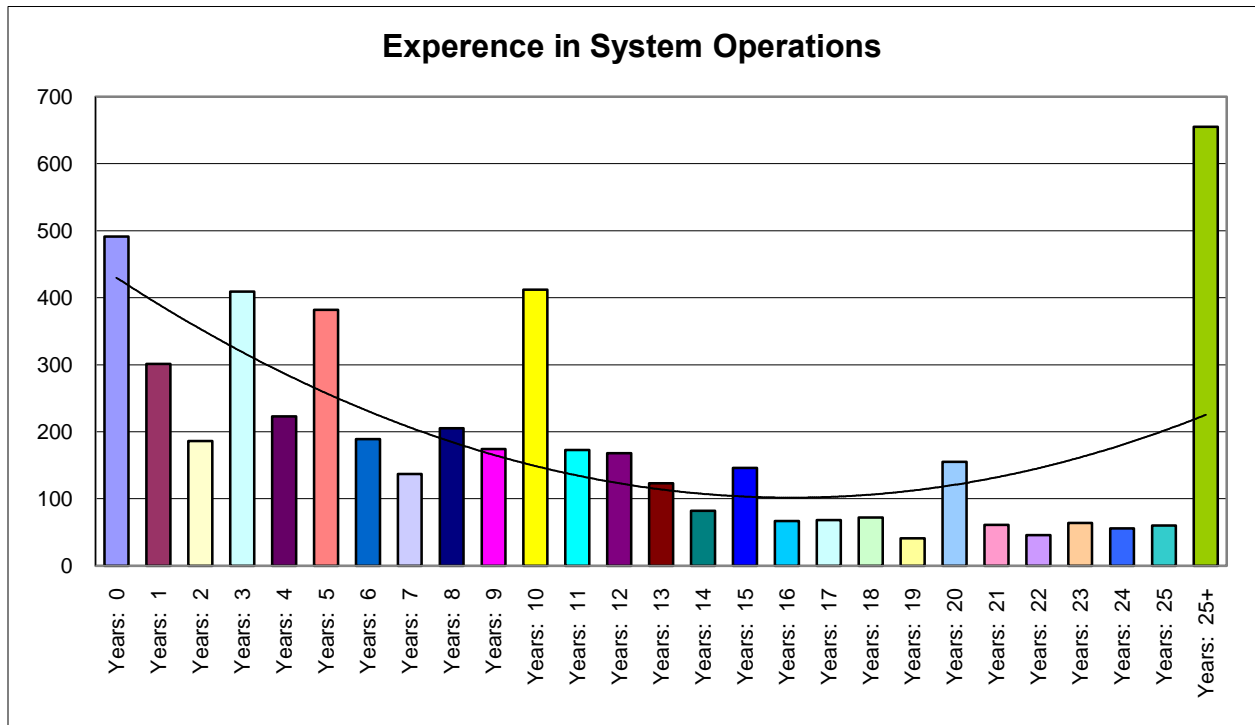


Chart 1 – Operator Population Age



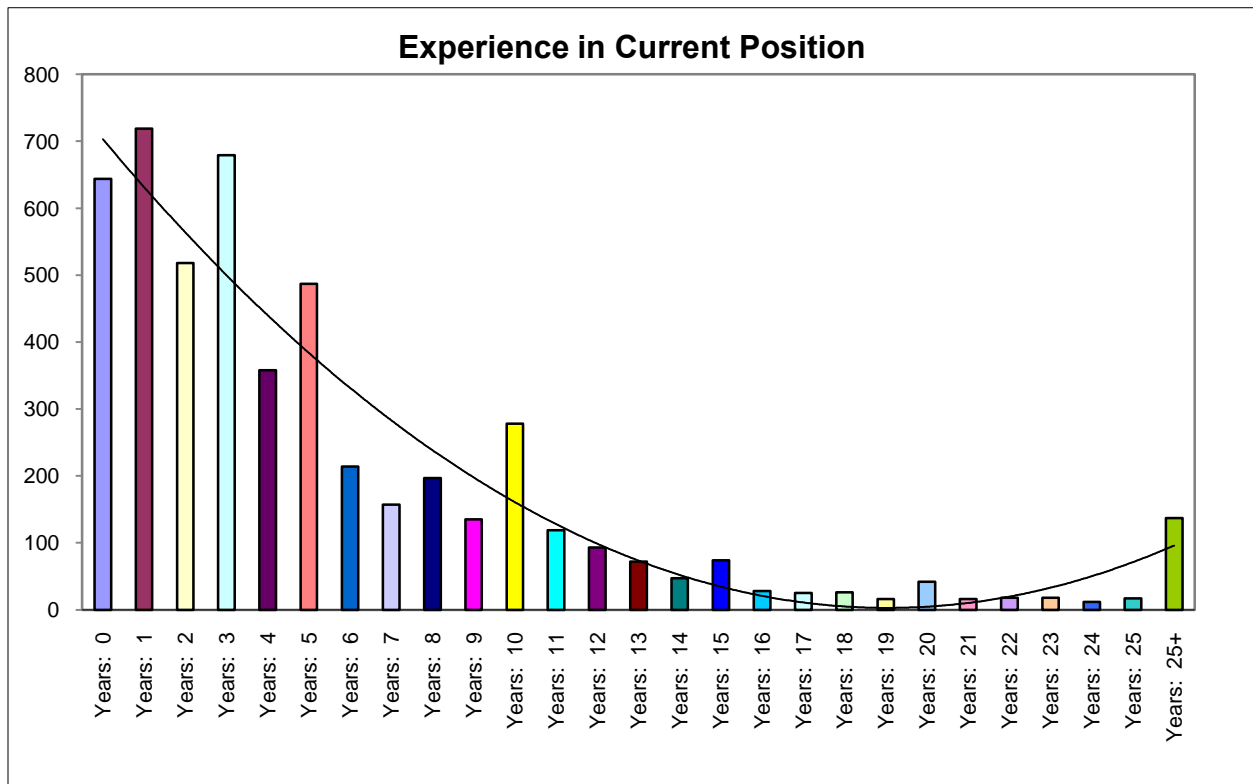
The largest age bracket for system operators is the 46-55 bracket. Note: 54 percent of system operators are over 45 years old.

Chart 2 – Experience in System Operations



Approximately 61 percent of the certified system operator population has 10 years or less experience in system operations, with 10 percent of certified operators having no experience. The average experience is 9.2 years with 7.0 years being the median.

Chart 3 - Experience in Position



This chart indicates that 67 percent of system operators have five years or less experience in their current position with 50 percent of the population having three years or less experience performing their current position.

## Planning Committee Report

### Action

None

### Background

The Planning Committee (PC) June 2011 meeting was held in Toronto, ON, and the PC held a conference call/web conference on July 11, 2011. The minutes of both meetings are posted at <http://www.nerc.com/filez/pcmin.html>. The following is a summary of the key activities from the meetings and an update on PC activities.

### PC Activities

1. **PC Strategic Plan:** The development of a proposed PC Strategic Plan for 2011 through 2016 was completed and approved by the PC at the June meeting. The revised PC Strategic Plan will serve as the foundation for the alignment of PC activities, as well as coordination with other standing committees and the strategic direction of the NERC Board of Trustees (BOT). Approval of the revised Strategic Plan by the BOT is being requested.
2. **PC Charter:** The PC Charter approved by the BOT February 16, 2010 has been revised to align the Charter with the revised PC Strategic Plan and to incorporate a new report approval process for the reports requested by the PC. The Charter revisions were approved by the PC at the June meeting. Approval by the BOT is being requested.
3. **PC Work Plan:** An updated PC work plan was also reviewed at the June meeting and during the teleconference on July 11. The work plan is expected to be approved via a teleconference or email vote in July. The work plan involves a reorganization of the PC subgroups to align activities with the top priority reliability issues and ongoing activities. Scopes for the reorganized subgroups are expected to be presented to the PC at its September meeting and overall realignment of the PC is expected to be completed by the end of 2011.
4. **NERC Alert Process:** The PC is continuing the development of a draft proposal to provide technical input into NERC's Alerts before they are released. Discussions are ongoing to align the proposal with a NERC staff draft proposal. The goal is to develop a consolidated process coordinated with all relevant technical committees to provide technical advice and implementation suggestions in advance of Alert releases. PC members were asked to provide volunteers for a NERC geomagnetic disturbance Alert, and the proposed process was tested.
5. **Interconnection Modeling:** The PC is following the ERO-RAPA led development of options for improving the existing interconnection models for steady-state and dynamic bulk power system models. With the increasing need for interconnection-wide study, suitable interconnection models available for industry use are critical, including keeping them current. Plans for model development are being mapped out and status reports will be made to the PC beginning in September.
6. **Reports Consolidation:** The PC is reviewing all of the major reports being developed on a regular basis to determine if efficiencies can be gained by consolidating reports, data collection or analysis. Six to eight major reports are developed annually. Recommendations will be reviewed at the PC September meeting.

## Joint OC/PC Subgroups Highlights

1. **Reliability Metrics Working Group (RMWG):** The RMWG provided a draft 2011 Reliability Performance Analysis Report to the Operating Committee (OC) and PC for review in early June. Comments were requested by June 30. The RMWG plans to seek approval by the PC and OC of a final report in July 2011 via a conference call and to present the report to the BOT in August for approval. This report begins a transition from the 2009 metric performance assessment to a 2012 "*State of Reliability*" report. The annual *State of Reliability* report will ultimately communicate the effectiveness of ERO (Electric Reliability Organization) reliability programs and present an overall view of reliability performance.

An integrated reliability index (IRI) to support risk informed decision making, support determining achievement of reliability goals, and assist in defining an adequate level of reliability is under development. A whitepaper on the IRI has been posted and feedback requested from the PC. The RMWG plans to hold a workshop or webinar in July or August and bring a final paper to the PC for approval at its September meeting.

The RMWG is coordinating with the Reliability Coordinator Working Group (RCWG) on the System Voltage Performance metric to identify the key busses. The PC and OC approved a data request letter requesting the transmission owners (TO) to voluntarily submit key bus data to support the pilot project beginning the fourth quarter of 2011.

2. **Integration of Variable Generation Task Force (IVGTF):** The IVGTF provided an update on the IVGTF study of the potential adverse bulk system reliability impacts of distributed resources. A draft report on the impacts of distributed resources has been issued and comments were requested by June 30, with the intent of bringing a final report to the PC for approval at the September meeting. The report provides IVGTF recommendations to develop an analytical basis for understanding the magnitude of reliability impacts of distributed resources and input, if any, to NERC standards.
3. **Geomagnetic Disturbance Task Force (GMDTF):** The GMDTF has recruited approximately 80 members, including equipment experts, utility engineers, scientists, and government support from the United States and Canada for the work of the task force. A NERC Alert on Geomagnetic Disturbances was developed, and released to the industry on May 10, 2011. The purpose of the advisory was to inform industry about currently available operating and planning options to fortify system resiliency and to pre-posture systems for the potential impacts of geomagnetic disturbances. A final report is expected to be provided during the fourth quarter of 2011. The primary concerns are related to transformer vulnerability, and a critical element is determining the reference case to be used in preparation for surviving a geomagnetic event.
4. **Event Analysis Working Group (EAWG):** Version 2 of the ERO Event Analysis Process document was posted for comments and Phase 2 of the field trial was started on May 2. The field trial runs for three months. The plan is to have a third version of the process developed by October and to address CIP in the final phase. Fifty-one submittals for lessons learned have been submitted by the participants and six were published within the last month. The types of events reported have been reviewed. There were no Category 5 events, with most events classified as Category 1 or 0.

## Other Subgroup Highlights

1. **Reliability Assessment Subcommittee (RAS):** The RAS developed a list of the standing and emerging reliability issues, and requested the PC provide input on ranking the top for priority and impact to assist the RAS in determining additional analysis needed. A draft special assessment of gas/electric Interdependency is being prepared by the RAS for approval. The 2011 Summer Reliability Assessment was approved by the PC and Board of Trustees at the end of May, 2011. RAS now begins work on the 2011 Long-Term Reliability Assessment and Gas Interdependency study.
2. **Resource Issues Subcommittee (RIS):** The primary focus of the RIS has been the development of the 2011 Probabilistic Assessment Report. A draft report has been posted for comment.
3. **Generating Availability Data System Task Force: (GADSTF):** The report, *Generating Availability Data System: Mandatory Reporting of Conventional Generation Performance Data*, was approved by the PC in June. Based on industry feedback from the 45-day comment period required under Section 1600 of NERC's Rules of Procedures, the design data requirement were reduced to nine elements per generating unit. The PC is recommending including all generating units 50 MW and larger in GADS starting January 1, 2012 and all units 20 MW and larger starting January 1, 2013. In addition, based on comments from industry, data can be provided directly to NERC or through a designated reporting entity like the TADS reporters use: a regional office, an independent system operator, or an association.
4. **Transmission Issues Subcommittee (TIS):** The TIS developed a scope of work on frequency response, with the assigned task of determining the maximum contingency levels each interconnection must withstand while maintaining acceptable frequency performance.
5. A proposed set of initial contingency criteria were developed by TIS for interconnection frequency response requirements to be used in the BAL-003 field trial. The TIS has proposed additional work on transient stability analysis for each interconnection, to determine the maximum resource contingency size that can be sustained, while maintaining acceptable frequency performance and preventing actuation of the first-tier of regionally-approved under frequency load shedding (UFLS) trigger levels. Future work has been outlined to determine the maximum loss-of-load contingency that can be sustained while maintaining frequency performance and prevent tripping of resources. Probability-based criteria are also being researched for the BAL-003 field trial and will be further analyzed in the BAL-003 field trial. The PC approved the initial criteria for the BAL-003 field trial, and requested additional scenarios be analyzed by the TIS for the criteria.
6. The work will be coordinated with the OC, the Resources Subcommittee, the Frequency Response Working Group (FRWG), and the Frequency Response Standard Drafting Team. The scope of work was approved by the PC at its June meeting.
7. TIS has been requested to work with the System Protection and Control Subcommittee (SPCS) to conduct an assessment of the special protection systems (SPS)-related to PRC standards and to assess definitions of SPS. The TIS will document its findings in a report to the PC that can serve as a reference document for a standard drafting team.

8. **Model Validation Task Force (MVTF):** The MVTF and EPRI held a joint modeling workshop in June, and WECC held a modeling workshop the preceding week. NERC plans to hold two more modeling workshops before the end of 2011 incorporating elements from those earlier workshops. Draft procedures developed by the MVTF for model development and validation are posted for industry comments. The procedures address assembling power flow and dynamics models that reflect conditions at a specific time, validation of the power system power flow case, and validation of the power system dynamics model.
9. **System Protection and Control Subcommittee (SPCS):** The SPCS developed and posted for comment the Transmission System Phase Backup Protection reliability guidelines. The report provides a set of guideline to improve backup protection and recommends back up protection systems be applied to large autotransformers to reduce the likelihood of damage due to prolonged through fault currents. The SPCS is developing a report with the TIS on assessing special protection systems (SPS)-related standards and regional practices concerning SPS applications.
10. **Transmission Availability Data System Working Group (TADSWG):** The TADSWG completed a survey among transmission owners comparing the 100-199kV voltage class inventory to all classes  $\geq 200$ kV now in TADS. The survey showed the number of participants in TADS would increase by over 60 percent, the number of circuits by 250 percent, and the number of transformers by 580 percent. The key points from the survey were: the average ratio of 100-199kV to  $\geq 200$ kV outages is 7.7 to 1 for circuits and 3.2 to 1 for transformers, and the ratio of non-automatic outages to automatic outages for the 100-199kV class is 7.6 to 1 for circuits and 3.6 to 1 for transformers. TADSWG is recommending utilizing the existing webTADS data structure for collecting individual outages and adding a new 100-199kV voltage class. The PC approved work on a draft request for comments (under Rules of Procedure 1600) on reporting 100-199kV outages in webTADS beginning January 1, 2014.
11. **Demand Response Data Task Force (DRDTF):** The DRDTF is overseeing the Open Access Technology International (OATI) contract to develop webDADS similar to the webTADS, and the planned user training. The OATI work is over 40 percent complete and the first data is expected in December. Technical Conference/Training for webDADS will occur in the August-September timeframe.
12. **Spare Equipment Database Task Force (SEDTF):** The SEDTF has recommended participation in SED be voluntary. An interim whitepaper developed was reviewed by the PC and comments were provided in June. SEDTF is planning to provide a final whitepaper for approval at the PC September meeting. The SEDTF also plans to develop a functional specification for use in selecting a SED vendor by September and initiating a one-year program for participants in 2012. The most sensitive concern was the confidentiality of information exchanged, but that has been resolved, as NERC will develop an acceptable non-disclosure agreement for users of the SED.

## **Standards Committee Report**

### **Action**

None

### **Background**

This report highlights some of the key activities of the Standards Committee (SC) and its associated subcommittees in support of ERO Enterprise goals. The Standards Committee meets monthly and its meetings minutes are posted at <http://www.nerc.com/filez/scmin.html>.

### **Projects under Active Development**

In response to stakeholder comments in the Three-year ERO Performance Assessment, the Standards Committee has reduced the total number of standards projects to a level that attempts to balance the need to make progress on NERC's reliability objectives with limited industry resources to staff drafting teams and to review proposed standards. While drafting teams working on the highest priority projects are moving forward, other teams have either placed their work on hold or are continuing to meet but at a slower pace, reducing the total number of formal comment periods requiring stakeholder participation.

### **New Interpretation Process Fully Implemented**

The Standard Processes Manual includes several steps associated with processing interpretations that were not included in previous manuals. These steps include a formal quality review of proposed interpretations and public posting for stakeholder comment. The Standards Committee has directed interpretation drafting teams to post rosters, meeting agendas, and meeting notes to ensure that the interpretation process is transparent.

### **Use of Informal Feedback in Standards Development**

Some standard drafting teams have begun tapping into an expanded set of technical resources by sharing preliminary draft standards with various technical groups and soliciting informal feedback. The collection of informal feedback is allowed under the Standard Processes Manual, and provides teams with a fast method of obtaining targeted responses to their work. The Cyber 706 team invited lead auditors from each region to participate in a drafting team meeting to review the latest draft of the CIP standards, with an emphasis on the whether the standards could be audited objectively and to receive feedback on audit issues associated with the CIP standards in effect. Other drafting teams have also begun to use more targeted, informal feedback as a preliminary step in preparing standards for a formal comment period.

### **Critical Infrastructure Protection Interpretation Drafting Team Formed**

Most new interpretation requests are seeking clarity about requirements in the Critical Infrastructure Protection standards. To address these interpretations, the Standards Committee appointed a Critical Infrastructure Protection Interpretation Drafting Team. The team consists of a pool of stakeholders with expertise in different aspects of cyber security including physical and cyber security, operations, personnel and training, and incident response.



As envisioned, when a new request for interpretation of a CIP standard is received, the standards staff will solicit members from the CIP IDT pool who have associated expertise.

### **Project Prioritization and Updates to Reliability Standard Development Plan – Coordination with NERC’s Technical Committees**

The Standards Committee’s Process Subcommittee has updated its Project Prioritization tool for use in updating the Reliability Standard Development Plan (RSDP). The Standards Committee has been working with NERC’s technical committees to identify where a project is needed or where an identified project needs support of a study or other research that could be accomplished by one of the technical committees.

As envisioned, the need for a new or revised standard may be identified three or more years ahead of the time when the project is initiated. The initial description of the project may be very general, but in successive versions of the RSDP, the level of detail in the project overview should be increased to the point where the project overview eventually contains links to the technical information supporting the needs, goals, and objectives associated with the new or revised standard – as well as technical information needed to support the development of the requirements.

### **Implementation of Results-based Process**

In accordance with the results-based implementation plan presented to the board in 2010, drafting teams working on projects that were well underway when the results-based process was adopted were not asked to convert their work to the results-based format; projects initiated in the future will be developed in the results-based format.

There are three projects under active development, following the results-based process:

- Project 2007-07 — Vegetation Management
- Project 2009-01 — Disturbance and Sabotage Reporting
- Project 2010-05.1 — Protection Systems: Phase 1 (Misoperations)

If members of the BOT have questions or need additional information, they may contact Herb Schrayshuen at [herb.schrayshuen@nerc.net](mailto:herb.schrayshuen@nerc.net) or Allen Mosher at [amosher@publicpower.org](mailto:amosher@publicpower.org).

## **Electricity Sub-sector Coordinating Council Report**

### **Action Required**

None

### **Background**

This report summarizes key activities of the Electricity Sub-sector Coordinating Council (ESCC) in support of the NERC mission and corporate goals related to critical infrastructure. The ESCC consists of a member from the NERC Board of Trustees, NERC's CEO, five CEO-level executives appointed by the Member Representatives Committee broadly representative of NERC member organizations, the chair of the NERC Critical Infrastructure Protection Committee (CIPC), and NERC's Chief Security Officer. The ESCC fosters and facilitates the development of policy-related initiatives to improve the reliability and resilience of the electricity sector, including physical and cyber security. ESCC open meeting minutes are posted at: <http://www.nerc.com/filez/esc.html>.

### **Summary of April 19 and June 21, 2011 ESCC Meetings**

#### **Monitoring Progress to Implement the Critical Infrastructure Strategic Roadmap**

Progress regarding the work of the Task Forces established to implement the Critical Infrastructure Protection Strategic Roadmap's *Coordinated Action Plan* is a standing ESCC agenda item through 2011. The ESCC continues to provide guidance and support to the Joint Steering Group<sup>1</sup> (JSG) and Task Forces assigned under the NERC technical committees to implement these initiatives.

- Geomagnetic Disturbance Task Force
- Cyber Attack Task Force
- Spare Equipment Database Task Force
- Severe Impact Resilience Task Force

Aside from providing progress reports regarding the status of their work, the Task Force Chairs discuss key issues with the ESCC that may pose risks to completing these challenging initiatives as planned. For example, ESCC members have provided guidance and input regarding a number of issues raised by the Task Force Chairs such as:

- Should industry participation in the Spare Equipment Database be voluntary or mandatory?
- How do we ensure there is full transparency of the technical assessments that describe the impact of a GMD on high voltage transformers?
- Is there a need to provide input to the U.S. government regarding the need to continue funding the observational satellites that warn us of potential GMDs?

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<sup>1</sup> The Joint Steering Group (JSG) consists of senior NERC staff and the leadership of the Planning, Operating and Critical Infrastructure Protection Committees.

- Are we doing enough to communicate the status and results of these initiatives broadly to industry and government stakeholders?

The ESCC is supportive of the task forces and has expressed satisfaction with the extent of their efforts to-date. The ESCC plans to discuss progress and deliverables with the Task Force Chairs in more detail at their August 16, 2011 in-person meeting.

During recent meetings the ESCC also discussed a number of other security-related matters, including:

- Recently-issued Industry Advisories:
  - Two-Factor Authentication
  - Increased Vigilance and Reporting of Suspicious Activity
- Status of proposed cybersecurity legislation
- DOE/NIST/NERC Risk Management Framework
- NERC Grid Cyber Exercise, November 16-17, 2011
- NERC Security Summit, October 17-20, 2011
- NERC's Draft Crisis Response and Communications Plan
- Update regarding the Aurora vulnerability
- Draft Special Standards Development process
- ES-ISAC enhancement

The ESCC invited the leadership of the Communications Sector Coordinating Council to the June 21, 2011 ESCC meeting in order to receive an overview of high priority activities underway within the Communications sector. The ESCC agreed to establish a liaison relationship with the Communications Sector Coordinating Council to exchange information.

### **Outreach**

NERC's President and CEO, Gerry Cauley, in his role as Chair of the ESCC, has provided further testimony at recent hearings on matters related to critical infrastructure protection.

- "Hearing to receive testimony on a joint staff Discussion Draft pertaining to cybersecurity of the bulk-power system and electric infrastructure", Senate Energy and Natural Resources Committee, May 5, 2011
- "Hearing on Discussions of draft Legislation to Improve Cybersecurity of the Electric Grid", Energy and Power Subcommittee of the House Energy and Commerce Committee, May 31, 2011

### **Future Meetings**

- August 16 (all-day in-person meeting, NERC's Washington, DC offices)
- October 18, 2:00-3:00 pm OPEN conference call
- November 15, 2:00-4:00 pm CLOSED conference call

## Report to the NERC Board of Trustees

*July 19, 2011*

### Human Performance

Many event analyses cite “human error” as one of the root causes, and utilities reported in 2009 that human error was the initiating or sustaining cause code in 10% of sustained outages. What the Forum wants to understand is **why our personnel sometimes make the wrong decision**. No matter how many standards we follow, **we ultimately depend on people** to operate the electric system, keep tree limbs out of the wires, and test substation relays—and we expect them to do this safely and without error. Yet even our best, most experienced employees make mistakes because—well, they’re human.

The aviation industry has been working for decades to reduce pilot error, and now surgeons are using pilot-like checklists on the operating table. **Our new Human Performance Practices group** is looking at these other industries, and the members have already begun sharing their own human performance programs, and likely will develop new practices.

### On tap for 2012

The Forum members developed a five-year strategic plan (which we update each year), and among our goals are 1.) performing more peer reviews each year, 2.) expanding our metrics data collection, and 3.) hiring a CEO.

**Peer reviews.** The Forum is conducting eight reviews this year, and will perform 12 next year. These reviews are voluntary, but the Forum members want to be reviewed at least every four years, so we we’ll be expanding the program significantly. The review team members (about 25 at each review) are all peers (staff plays a minor role), and they present their findings and lessons learned to our practice groups each month.

**Metrics program.** The Forum’s metrics program will expand its cause codes, equipment types, and voltage levels, but will remain compatible with NERC’s TADS program. In other words, while the Forum members will be providing more details to each other through our webTracker system, they can easily create the necessary records for NERC TADS.

**Industry outreach.** The Forum expects to add a CEO to its staff in 2012 who will also provide an important and more consistent link to other organizations, such as NERC, EPRI, the Generator Forum, and so on. The CEO will also free up our executive director to better support our staff who, in turn, serves the almost-2000 participants on our practice groups.

## Mission

The Forum's mission is to **advance excellence** in the reliable operation of the electric transmission system. We do this by **developing and sharing best practices**, being **open and candid** with each other, fostering a sense of **"community,"** holding each other **accountable**, and ensuring the **commitment** of our members' senior leadership.

## Forum Members

**Members:** 70 (as of June 20, 2011)

- Investor-owned: 43
- State/Municipal: 7
- Cooperative: 9
- Federal/Provincial: 6
- ISO/RTO: 5

**Percent of total demand.** Represents 88% of the net peak demand in the U.S. and Canada

**Transmission.** 350,000 miles of transmission (100kV and above)

**Participants.** 1900+ subject matter expert participants

## Current Topics

### Practices

- Facility rating practices and programs
- Compliance management programs
- Physical and cyber security
- Personnel training and implementation of PER-005
- Vegetation management community education
- System protection

### Recent Surveys

- CIP topics
- Transformer fires
- Remote access



## Programs

The Forum is organized around four programs.

**Practices.** The Forum's groups of subject matter experts hold Web meetings each month and write Forum practices.

- Compliance
- Facility Ratings
- Human Performance
- Line and Substation Maintenance
- Modeling
- Operator Tools
- Operator Training
- Security
- System Protection
- Vegetation Management

**Peer reviews.** Forum peer reviews help our members "raise the bar" for their own operations from good to great.

Review teams that comprise subject matter experts in each practice area spend one week at the "host" peer site. The teams' final reports include

noteworthy practices that we share with the other Forum members, and recommendations for the host to implement.

**Metrics.** The Forum collects transmission equipment performance information. Improving equipment performance directly contributes to improving reliability. The metrics program:

- Is based on NERC TADS reporting
- Allows Forum members to view each other's data
- Will include additional equipment types and cause codes in 2011

**Information sharing.** Forum members readily share information for "lessons learned" and assistance:

- System event analysis
- Equipment event reports and alerts
- Vegetation contacts
- Surveys on topical subjects
- Case studies
- Members' practices and procedures
- Audit experiences and lessons
- Compliance violations (feedback to Forum practices)
- FERC orders

## Membership Eligibility

Any organization that owns, operates, or controls at least 50 circuit miles of integrated (network) transmission facilities at 100 kV or above, operates a "24/7" transmission control center with NERC-certified transmission or reliability operators, or has an open access transmission tariff or equivalent on file with a regulatory authority, may join the Forum.