

## Meeting Minutes Compliance Committee

August 10, 2016 | 9:45 a.m. – 10:45 a.m. Atlantic

Halifax Marriott Harbourfront Hotel  
1919 Upper Water Street  
Halifax, NS B3J 3J5  
Canada

Janice B. Case, Chair, called to order the duly noticed meeting of the Board of Trustees Compliance Committee (BOTCC) of the North American Electric Reliability Corporation (NERC) on August 10, 2016, at approximately 9:45 a.m. Atlantic, and a quorum was declared present.

Present at the meeting were:

### Committee Members

Janice B. Case, Chair  
Frederick W. Gorbet  
David Goulding  
Jan Schori  
Roy Thilly

### Board of Trustees Members

Gerry W. Cauley, President and Chief Executive Officer  
Paul F. Barber  
Robert G. Clarke  
Kenneth W. DeFontes, Jr.  
George S. Hawkins  
Kenneth G. Peterson

### NERC Staff

Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary  
Tina Buzzard, Associate Director to the Office of CEO  
Ken McIntyre, Vice President of Standards and Compliance  
Sonia Mendonça, Vice President of Enforcement and Deputy General Counsel

### Introduction and Chair's Remarks

Ms. Case noted the evolution of the BOTCC's focus since the implementation of the risk-based approach to compliance monitoring and enforcement from process-related issues to the most significant enforcement matters. She noted the violations posing the greatest level of risk to reliability have typically involved Critical Infrastructure Protection (CIP) Reliability Standards, vegetation contacts, repeat conduct, and companies undergoing corporate changes. Ms. Case emphasized that there is no substantive change to the BOTCC's penalty approach, but rather the BOTCC will focus on these higher risk areas and use all existing tools, including appropriate penalties, to encourage appropriate behavior. It was observed that higher risk cases continue to be a small percentage of the overall caseload.

### NERC Antitrust Compliance Guidelines

Ms. Case directed the participants' attention to the NERC Antitrust Compliance Guidelines.

## **Minutes**

Upon motion duly made and seconded, the BOTCC approved the May 4, 2016, meeting minutes as presented at the meeting.

## **Consolidated Hearing Process**

Ms. Mendonça reviewed the existing Regional Entity hearing process and discussed proposed revisions to the Rules of Procedure, developed in collaboration with the Regional Entities, to establish a consolidated hearing process, which would allow Regional Entities the option to move the hearing process to NERC. She noted that the proposed process would generally follow the existing procedural and appellate rules. The proposed revisions are designed to streamline costs, enhance consistency, and increase efficiencies. Ms. Mendonça also noted that the proposed revisions have been posted for public comment and will be presented to the Board of Trustees for consideration at the November 2016 meeting.

## **Handling of Compliance Evidence Related to CIP Reliability Standards**

Mr. McIntyre provided an overview of NERC's handling of evidence collected in the context of CIP Reliability Standards. He discussed the provisions of CIP-14 and processes to follow requirements to maintain information at the registered entity site. Mr. McIntyre also described the monitoring and awareness activities that are conducted to ensure compliance with the Rules of Procedure and internal policies and procedures, including internal audits.

## **Compliance Monitoring and Enforcement Program Quarterly Report**

Ms. Mendonça and Mr. McIntyre discussed highlights regarding second quarter Compliance Monitoring and Enforcement Program (CMEP) activities. Ms. Mendonça updated the BOTCC on the status of several enforcement process reviews and the progress on various enforcement metrics. She noted a modest increase in self-logging use and the continued, appropriate use of compliance exceptions. Mr. McIntyre discussed enhancements to the Inherent Risk Assessment (IRA) guide and updates to the 2016 ERO Enterprise CMEP Implementation Plan. Mr. McIntyre was asked to provide the BOTCC with a plan for completing IRAs for all registered entities.

## **Reference Materials**

Ms. Case referred the BOTCC to the reference materials.

## **Adjournment**

There being no further business, and upon motion duly made and seconded, the meeting was adjourned at 10:43 a.m. Atlantic.

**Follow-up Action Items**

- NERC staff will present a plan for completing IRAs for all registered entities at the November 2016 meeting.

Submitted by,



Charles A. Berardesco  
Corporate Secretary

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