

# Meeting Minutes Compliance Committee

November 1, 2016 | 11:00 a.m. Eastern

Ritz-Carlton Buckhead  
3434 Peachtree Road NE  
Atlanta, GA 30326

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 November 1, 2016, at approximately 11:00 a.m. Eastern, 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  
Ken McIntyre, Vice President of Standards and Compliance  
Sonia Mendonça, Vice President of Enforcement and Deputy General Counsel  
James Merlo, Vice President of Reliability Risk Management

#### **Introduction and Chair's Remarks**

Ms. Case provided an update on the September 2016 Executive Session, noting that the BOTCC considered and approved six Full Notices of Penalty. She highlighted that regional consistency will be a discussion topic with key compliance executives from the Regional Entities (REs) in a future meeting.

Ms. Case discussed the request for approval of the consolidated hearing process by NERC staff to the Board of Trustees, which would provide REs the option to participate in a hearing process managed by NERC. She remarked on the positive collaboration between NERC and the REs concerning the development of the consolidated hearing process.

#### **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 August 10, 2016, meeting minutes as presented.

## **Follow-up Regarding Action Items from Prior Meeting**

Ms. Case noted that NERC staff's plan for completing Inherent Risk Assessments (IRAs) for all registered entities is included in the third quarter Compliance Monitoring and Enforcement Program (CMEP) report.

## **CMEP Quarterly Report**

Ms. Mendonça and Mr. McIntyre discussed highlights regarding third quarter CMEP activities. Ms. Mendonça updated the BOTCC on the progress of various enforcement metrics. She noted an increase in noncompliance compared to third quarter 2015 because of newly effective Reliability Standards. She also discussed NERC staff's analysis of over 600 Compliance Exceptions, noting the themes identified from the analysis.

Mr. McIntyre explained that the 2017 CMEP Implementation Plan is available on NERC's website and the development of RE Implementation Plans. He also updated the BOTCC on the progress of IRAs, and the focus on Reliability Coordinator, Balancing Authority, and Transmission Operator IRA completion.

Mr. McIntyre noted that the Electric Reliability Organization (ERO) Enterprise Guide for Compliance Monitoring is posted on the NERC website, which has been expanded to include elements of Compliance Oversight Plans. He also updated the BOTCC on current NERC compliance staff projects, including among others, Internal Control Evaluation guide updates and Compliance Oversight Plans.

## **NERC Activities Regarding Misoperations**

Mr. Merlo provided the BOTCC with an update regarding protection systems misoperations. He discussed the failures that account for the majority of misoperations. NERC's activities to reduce misoperations include an ERO Enterprise commissioned standard template for data submission. Previously, system misoperations data was collected inconsistently using multiple platforms, therefore limiting the value of data analysis.

## **Compliance Guidance**

Mr. McIntyre reported that 23 Implementation Guidance documents have been submitted to the ERO Enterprise. Ten have been endorsed and posted. NERC will conduct additional outreach and education to raise the awareness and availability of Compliance Guidance.

## **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.

Submitted by,



Charles A. Berardesco  
Corporate Secretary

## Agenda Compliance Committee

November 1, 2016 | 11:00 a.m. – 12:00 p.m. Eastern

Ritz-Carlton Buckhead  
3434 Peachtree Road NE  
Atlanta, Georgia 30326  
1-404-237-2700

### **Introduction and Chair's Remarks**

### **NERC Antitrust Compliance Guidelines and Public Announcement**

#### **Agenda Items**

- 1. Minutes\* – Approve**
  - a. Meeting of August 10, 2016
- 2. Follow-up Regarding Action Items from Prior Meeting – Discussion**
- 3. Compliance Monitoring and Enforcement Program Quarterly Report\* – Update**
  - a. Inherent Risk Assessment Process Update
- 4. NERC Activities Regarding Misoperations\* – Discussion**
- 5. Compliance Guidance\* – Update**
- 6. Annual Review of Compliance Committee Mandate\* – Discussion**
- 7. Reference Materials\* – Information**
  - a. Regional Consistency Reporting Tool
- 8. Adjournment**

\*Background materials included.