

**FEDERAL ENERGY REGULATORY COMMISSION**

**DOCKET NO. RR14-\_\_\_**

**NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION**

**DRAFT ATTACHMENT 4**

**TO**

**FIVE-YEAR  
ELECTRIC RELIABILITY ORGANIZATION  
PERFORMANCE ASSESSMENT REPORT**

**RAW COMMENTS FROM THE POSTING OF NERC'S STATEMENT  
OF ACTIVITIES AND ACCOMPLISHMENTS AND  
THE REGIONAL ENTITIES' SELF-ASSESSMENTS**

**JULY 21, 2014**

**Overview of Five-Year and Three-Year Survey**

<b>Five Year Survey</b>	<b>Three Year Survey</b>
326 registered entity responses	128 registered entity responses
0 trade association or organized group responses	5 trade association or organized group responses
0 regulator, state, provincial, federal or other responses	3 regulator, state, provincial, federal or other responses
0 reliability stakeholder or public responses	6 reliability stakeholder or public responses

<b>Regional Entity</b>	<b>Response Rate (%)</b>	<b>Total Number of Responses</b>	<b>Total Unique NCR IDs</b>
FRCC	33	23	69
MRO	28	38	135
NPCC	21	62	301
RFC	22	75	343
SERC	32	74	233
SPP	27	39	145
TRE	20	46	225
WECC	20	97	477

<b>Reliability Standards Questions</b>						
	1. Develops Reliability Standards that indicate which Bulk Power System owners, operators and users must comply with individual requirements	2. Develops Reliability Standards that have a sound basis in engineering and operations	3. Develops and modifies Reliability Standards in a timely manner giving consideration to the prioritization of reliability objectives	4. Develops an annual Reliability Standards Development Plan that is an effective tool to communicate and gather stakeholder input to the proposed scope of work, schedules, and priorities for developing and revising Reliability Standards	5. Communicates information about Reliability Standards, their development, and opportunities for stakeholder participation in an efficient and effective manner	
<b>Average Score</b>						
NERC	4.0	3.3	3.2	4	3.8	

<b>Compliance Questions</b>					
	1. Provides accessible information about the level of performance necessary to comply with requirements of applicable Reliability Standards	2. Provides accessible information about what documentation and other evidence is needed to demonstrate compliance	3. Conducts audits, investigations, spot-checks and other compliance monitoring methods in a professional, thorough, and efficient manner	4. Utilizes electronic tools and forms that provide for clear, effective, and efficient submittal and handling of compliance information	5. Encourages registered entities to conduct internal self-assessments of compliance and self-report possible violations
Average Score					
<b>NERC</b>	2.1	1.8	1.6	1.4	3.3
<b>WECC</b>	3.6	3.6	3.9	3.8	4.1
<b>MRO</b>	3.3	3.3	3.8	3.7	4.1
<b>SPP</b>	3.4	3.3	3.4	3.6	3.8
<b>TRE</b>	3.7	3.6	4.0	4.0	4.1
<b>FRCC</b>	3.2	3.1	3.7	3.5	4.2
<b>SERC</b>	3.7	3.5	4.1	3.9	4.2
<b>RFC</b>	3.6	3.6	3.6	3.9	4.0
<b>NPCC</b>	3.8	3.6	4.0	4.0	4.2

Enforcement

	1. Ensures that possible violations are investigated, assessed and closed in a timely manner	2. Levies penalties and sanctions for the violation of a Reliability Standard that bear a reasonable relation to the risk to reliability the violation presents	3. Levies penalties and sanctions that reflect consideration of the other factors specified in the Sanction Guidelines
Average Score			
<b>NERC</b>	1.7	2.1	2.3
<b>WECC</b>	3.1	2.8	2.8
<b>MRO</b>	2.9	2.8	2.9
<b>SPP</b>	2.9	2.4	2.4
<b>TRE</b>	3.2	3.1	3.2
<b>FRCC</b>	3.5	3.6	3.4
<b>SERC</b>	2.9	3.2	3.2
<b>RFC</b>	3.2	3.1	3.2
<b>NPCC</b>	2.8	2.7	2.8

<b>Registration and Certification Questions</b>			
	1. Establishes adequate criteria to determine which owners, operators, and users of the Bulk Power System perform certain reliability functions and should therefore be registered as responsible for complying with Reliability Standards applicable to those reliability functions	2. Has a registration process that is effective in addressing situations in which compliance responsibilities are shared or delegated among entities, such as through the use of Coordinated Functional Registration or Joint Registration Organization	3. Conducts inquiries in a professional, thorough, and efficient manner for entities applying or submitting changes for certification as Reliability Coordinators, Balancing Authorities, and/or Transmission Operators
Average Score			
<b>NERC</b>	2.5	2.6	1.2
<b>WECC</b>		2.6	2.6
<b>MRO</b>		3.4	2.8
<b>SPP</b>		3.2	2.5
<b>TRE</b>		3.3	2.5
<b>FRCC</b>		3.5	3.2
<b>SERC</b>		3.4	2.5
<b>RFC</b>		3.3	2.8
<b>NPCC</b>		3.3	3.0

<b>Reliability Assessment Questions</b>		
	1. Effectively communicates reliability assessments to stakeholders, policy makers, and the public, to explain why certain actions are necessary or appropriate to ensure future adequacy and reliability of the Bulk Power System	2. Effectively reports on regional self-assessments of electric supply and bulk power transmission reliability, including emerging and long-term reliability issues of specific regional and North American concern
Average Score		
<b>NERC</b>	2.4	2.2

<b>Performance Analysis and Metrics Questions</b>		
	1. Compiles and publishes useful information on performance metrics and benchmarks to observe and understand trends in the reliability and performance of the Bulk Power System and in the reliability performance of users, owners and operators, and to highlight areas for potential improvements	2. Identifies reliability performance issues for consideration in the development or modification of Reliability Standards
Average Score		
<b>NERC</b>	2.7	2.7
<b>MRO</b>		
<b>SPP</b>		
<b>TRE</b>		
<b>FRCC</b>		
<b>SERC</b>		
<b>RFC</b>		
<b>NPCC</b>		
<b>WECC</b>		

<b>Training, Education and Personnel Certification</b>			
	1. Provides effective training to registered entities on complying with Reliability Standards	2. Provides effective training on how to demonstrate compliance to auditors	3. Has an effective program for issuing certification credentials to skilled, trained, and qualified Bulk Power System operators, and for the maintenance of those certification credentials
Average Score			
<b>NERC</b>	2	1.8	2.9
<b>MRO</b>	3.2	2.9	
<b>SPP</b>	3.5	3.4	
<b>TRE</b>	3.8	3.5	
<b>FRCC</b>	3.7	3.6	
<b>SERC</b>	3.6	3.4	
<b>RFC</b>	3.4	3.1	
<b>NPCC</b>	3.5	3.4	
<b>WECC</b>	3.8	3.4	



<b>Event Analysis Questions</b>				
	1. Develops and disseminates timely and useful information about system events and specific reliability risks affecting reliable operation of Bulk Power System through the lessons learned processes	2. Effectively uses the Alert Level 2 recommendations and Level 3 Essential Actions under Rule of Procedure 810 to effectively track specific reliability risks affecting the reliable operation of the Bulk Power System	3. Has an Event Analysis program that provides and supports analysis on reliability risks that is useful to the industry and focused on Bulk Power System reliability	4. Investigates and analyzes events in an efficient manner, appropriate to the severity of the event
<b>Average Score</b>				
<b>NERC</b>	2.3	1.4	2.7	2.7
<b>MRO</b>	3.0		2.9	2.8
<b>SPP</b>	3.2		3.1	2.8
<b>TRE</b>	3.6		3.5	3.5
<b>FRCC</b>	3.6		3.4	3.3
<b>SERC</b>	3.5		3.3	3.2
<b>RFC</b>	3.3		3.0	3.1
<b>NPCC</b>	3.3		3.3	3.4
<b>WECC</b>	3.2		3.0	2.9

<b>Critical Infrastructure Protection Questions</b>		
	1. Serves as an effective leader and facilitator of the industry’s efforts to identify and protect Bulk Power System critical infrastructure, including by identifying and publicizing threats to critical infrastructure	2. Provides cyber security alerts that are effective for notifying Bulk Power System owners, operators, and users of vulnerabilities and actions to address those vulnerabilities
<b>Average Score</b>		
<b>NERC</b>	2.3	1.7
<b>MRO</b>		
<b>SPP</b>		
<b>TRE</b>		
<b>FRCC</b>		
<b>SERC</b>		
<b>RFC</b>		
<b>NPCC</b>		
<b>WECC</b>		
<b>MRO</b>		

<b>Stakeholder Communications, Public Relations, IT Questions</b>			
	1. Provides a public website that is useful in meeting stakeholder needs and provides easy access to information	2. Provides newsletters, conferences, and other stakeholder communications that are effective in providing stakeholders with useful and timely information regarding reliability and ERO/RE activities	3. Provides effective outreach to all jurisdictional stakeholders, including smaller entities with limited ability to travel to meetings and conferences
Average Score			
<b>NERC</b>	3.3	4.1	3.9
<b>MRO</b>	3.4	3.9	3.6
<b>SPP</b>	3.4	3.6	3.4
<b>TRE</b>	3.9	3.9	3.8
<b>FRCC</b>	3.4	3.6	3.3
<b>SERC</b>	3.6	3.9	3.9
<b>RFC</b>	3.6	3.9	3.4
<b>NPCC</b>	3.6	3.8	3.4
<b>WECC</b>	3.6	3.9	3.7

<b>Business Plan and Budget Questions</b>		
	1. Provides reasonable opportunity for members and other stakeholders to provide input in the annual business plan and budgeting process	2. Provides sufficient financial information in support of its business plan and budget and its quarterly and annual financial reporting
Average Score		
<b>NERC</b>	2.4	2
<b>MRO</b>	3.2	3.1
<b>SPP</b>	2.8	2.7
<b>TRE</b>	3.4	3.3
<b>FRCC</b>	2.9	2.9
<b>SERC</b>	3.5	3.3
<b>RFC</b>	3.2	3.0
<b>NPCC</b>	2.8	2.7
<b>WECC</b>	3.0	2.9



<b>Independence and Stakeholder Input Questions</b>				
	1. Retains staff that are independent of Bulk Power System owners, operators and users and responsive to the needs of reliability stakeholders	2. Effectively communicates a vision and expectations and provides effective leadership to achieve that vision consistent with the ERO Enterprise Strategic Plan	3. Performs statutory functions in a transparent manner with adequate opportunity for stakeholder input	4. Provides fair stakeholder representation in the selection of directors and other decision-making in committees or other subordinate organizational structures
<b>Average Score</b>				
<b>NERC</b>	3.8	2.3	3.7	3

## Overview of Comments

### Reliability Assessment / Performance Analysis

#### **NERC**

- Insufficiently demonstrates the need for new Reliability Standards
  - Develop guidelines for specific Regional Entities or situations
  - There should be clear guidance and tools applied to identify and demonstrate certainty around identified issues prior to publication of recommended actions such as the development of a reliability standard.
  - Develop performance measures to determine if a Reliability Standard is actually reducing risk to reliability
  - Creating new standards is not the only solution to improving reliability performance
  
- Stakeholder input
  - Stakeholders request additional vetting prior to BOT approval to incorporate technical and policy input from them.
  - NERC has done a good job incorporating stakeholder comments and shrinking the volume of these reports which is helpful to encourage true consumption. The reports highlight the reliability concerns of the period being studied (generation retirements, electric/gas interdependency, variable generation, etc.).
  - Reliability assessments are made available to stakeholders, but the information provided does not give any information on how the results of the assessment affects the future adequacy and reliability of the BPS.
  - Reports on regional self-assessments are provided, but there again there is no information on how the BPS is affected.
  - NERC plows ahead with some issues that do not appear to have policy maker buy-in for compliance investments.
  - Clarify how effectiveness is measured
  - The new website is not easy to navigate and find reliability performance information.
  
- Metrics
  - Metrics focus mostly on enforcement and do not truly measure performance risk.
  - NERC's metrics do not provide much insight into the actual impact the ERO program has on the level of reliability of the BES. The SDTs do a better job of identifying reliability performance issues.
  - The enforcement metrics are significantly influenced by NERC and the Regional Entities.
  - NERC needs to improve the collection of metrics and publish information showing what is working and what is not working.
  - NERC has not done a good job of developing useful metrics and industry is better suited in this regard. NERC should focus on compliance enforcement.

- Rather than focusing on metrics, NERC is better suited to providing lessons learned on what areas are causing compliance issues and to also provide guidance on how to be compliant.
- Smaller entities
  - Information collected is less relevant to smaller entities.

### **Regional Entities**

- Consistency
  - We have a concern that regional self-assessments use different criteria or trigger points.
  - We do not believe that regional self-assessments are consistent across North America. When NERC rolls the regional self assessments into one for North America, the underlying different criteria can cause misunderstandings.

Event Analysis

**NERC**

- Overall
  - The Event Analysis process is mature and now yielding trends and metrics that are useful to the industry.
  - The past focus on finding compliance violations and 'piling on' during investigations has hopefully been eliminated.
- Professionalism
  - EA staff is focused on supporting reliability. In addition, they were very thorough in their review of our events and very professional in the way they conducted business.
- Independence from compliance
  - The usefulness of the program is inhibited by its lack of separation from compliance.
  - Avenues such as the North American Transmission Forum are far more effective for sharing information to reduce reliability risk due to the confidentiality and complete separation from regulatory compliance evaluation and prosecution.
  - The investigations and analysis are hindered due to the over arching compliance focus by FERC, NERC, the Regions, and the registered entities.
  - The compliance assessment process associated with an event is not efficient and has confusing requirements. This is a voluntary assessment, but the review process takes too long.
- Cause coding
  - The different categories and reporting requirements associated with those categories are helpful, but the time invested in cause coding for lower categories seems excessive.
- Dissemination of information
  - Information is not timely enough to be useful.
  - Dissemination of information from the EA process that shows relative and key emerging risks based on data analyzed through the EA process is an area for which improvement is recommended.
  - Use trade organizations to disseminate information
  - Full reports need to be made available to industry
- Lessons learned
  - NERC utilizes lessons learned; however, there are no reliability assessment notifications where NERC has conducted an assessment and identified issues and communicate recommendations to others for avoiding similar situations.
  - Distribution for these documents is not transparent.

- Lessons learned have improved since 2010, offering much more in depth explanations and recommendations to the industry. Some have produced much more thorough follow-up reports such as the Winter Event Report for the Texas region and Gas/Electricity Interdependency report.
- Event analysis and implementation of practices has been scattered and slow.
- Alerts
  - An example of an electronic tool that could be improved is the NERC Alert system, and consistency with Alerts that are required to be responded to such as the Aurora and Facility Ratings NERC Alerts.
  - The alert program is valuable and widely supported.
  - The ALERT process has been poorly implemented and applied to matters that it should not be applied i.e. FAC 008 Facilities Alert.
  - To remain credible, NERC Alerts must be used appropriately according to the specific risk and before issuing much thoroughly consider the actions being required of entities. Alert levels must be commensurate with the real risk of the issue. NERC Alerts should not be used in place of other establishes processes, specifically standards.
  - NERC should not use alerts to deal with issues that do not reside in NERC's jurisdiction but reside with asset owners.
  - Some of the Alert recommendations are very useful, but the required actions have often been more work than is justified by the risk (e.g., Aurora). We are concerned about items like the Aurora threat being overblown in order for a particular vendor to benefit.
  - The NERC Facility Ratings Alert was issued as a Recommendation, but felt more like an Essential Action to the industry. NERC should listen to industry and consider alternative approaches to reach the same goal of reliability.
  - We recognize that reporting can be required under a Recommendation (as described in NERC Rules of Procedure Rule 810), but especially in the case of the Facility Ratings Alert, mitigation has not been left up to the discretion of the Registered Entity, but has been mandated by NERC and the Regional Entities.
  - Recent sabotage events were not communicated by NERC Alert where in the past they had been.
  - Some Level 0 events are being required to provide an EAR which imposes an additional burden on a registered entity.
- Communications
  - Centralizing communication efforts including the DOE, FERC and other governmental agencies would provide better information to the entities after an event

## **Regional Entities**

- Dissemination of information
  - The dissemination of information is slow (MRO)(NPCC)



- Recommend disseminating information that shows relative and key emerging risks based on data analyzed through the EA process (MRO)
- Dissemination of meaningful lessons learned has been limited. (NPCC)
- When NERC and other entities are also involved in an event investigation, there needs to be better coordination of information requests. (TRE)
  
- Independence
  - There is a trust problem in MRO, particularly when events are handed over to enforcement causing lawyers to clog the lines of communication and slow the distribution of lessons learned (MRO)
  
- Professionalism
  - Staff effectively triages events and the needed reports. (NPCC)
  
- Regional focus
  - Event analysis lacks a regional event analysis focus. When events have to be reported up through the ERO, they take a long time to be closed out. There needs to be better communication regarding when an event is closed out. (WECC)

CIP

- Overall
  - The CIP Standards provided a catalyst for the industry to invest money into best security practices. The core of the NIST framework coming out of EO 13636 appears to mimic the construct of the CIP Standards.
  - CIP compliance is a paperwork nightmare and is not relevant to reliability.
  - NERC CIP does not ensure cybersecurity.
  - Congress and industry should have a leadership role.
- Physical security
  - Increase focus on physical security and not just cybersecurity
- CIP Standards
  - The state of uncertainty of Versions 3 – 5 is frustrating
  - When we have CIP standards that have been in effect for over three years and we still don't know how the standards will be interpreted by the auditors, we still have significant problems.
  - Consistency between regions is all over the place on auditor interpretation of the CIP standards.
  - Implementation Plan for V5 is very well organized.
- Communication
  - Most of the alerts arrive independent of NERC
  - Industry is already aware of the threat and has implemented mitigation before the alert comes out.
  - Information sharing is not consistent in the manner it is presented or who presents it (NERC Alert, DHS, ES-ISAC, etc). If NERC is an effective leader, then find a method to central all the communication that needs to occur to protect the BPS.
  - Rather than alerts, NERC should focus on funding and improving the functioning of the ES-ISAC.
  - It would be helpful to put out some language that would help avoid public disclosure request responses with CIP-related information.
- CRPA
  - This is a good and valuable program.
- ES-ISAC
  - Monthly briefing adds positive value
  - Looking forward to new technology to improve the portal
- ESCC
  - The new industry-government efforts under the leadership of the ESCC need to be recognized and NERC has to participate as part of a bigger team and emphasize the ES-ISAC role.



Reliability Standards

**NERC**

- RAI
  - The trend of using a RAI vs. zero defect model is greatly appreciated and needed.
  
- Timeliness
  - Process takes too long
  
- Prioritization
  - NERC is following a volumetric approach to standards development (move as much through the pipeline as possible).
  - NERC tries to modify or create too many standards at one time. NERC must do a better job of prioritization... not everything can get top billing. Industry pushes for least common requirement because of zero tolerance compliance. This is hurting the efforts to increase reliability.
  - It would be a more efficient use of resources if standard projects were not initiated until there was sufficient data and accompanying analysis to indicate a current reliability issue to be remedied and the potential benefits to reliability should a reliability standard be developed and implemented.
  - There have been times in which NERC exerted influence in standard development projects for factors other than sound engineering judgment and operational knowledge, such as to meet unsubstantiated timelines, to set arbitrary thresholds, and to assign perceived rather than substantiated risk to select assets.
  - Greater reasonableness is needed in the volume and timelines of Standards development. NERC is making a concerted effort to develop informed, relevant reliability priorities, utilizing internal resources and input from the RISC and the Independent Experts.
  - When responding to FERC orders and directives concerning new technology such as geomagnetic mitigation, disturbance monitoring, and so forth, studies need to be completed before setting requirements and developing new standards.
  - There are opportunities for improvement since there are still some disputes regarding applicability. Many of the requirements are administrative in nature, and are not a reflection of engineering and operations.
  - There is also a lack of coordination of the risks that ought to be managed through standards, e.g., the level of risk being managed are disparate where some minor reliability concerns are blown out of proportion and more significant reliability concerns are not focused on enough.
  - There has been a lack of effective prioritization for the last 5 years. The RISC was put in place to address this, but standards development priorities have not aligned well with RISC, since parallel efforts such as the Independent Experts and other NERC staff initiated projects can override the RISC recommendations. The RSDP has been rushed to meet deadlines the last couple of years and stakeholder input has not been effectively incorporated into the plan. Yes, there are communications, but the overwhelming volume of initiatives renders the process inefficient,

ineffective and overly burdensome. Again, effective prioritization is needed. In addition, communication channels have been more one-way (NERC staff and SDTs lecturing in webinars, workshops, etc.) rather than two-way communications more conducive to consensus building.

- The development plan is a list of nice ideas that are implemented without documented need.
  - All standards development projects currently underway should be assessed on whether they are conducive to the new Reliability Assurance Initiative objectives and requirements rewritten to reflect the philosophy prior to posting for comment and ballot.
  - NERC must take an independent approach to assessing priorities for the standards projects. Regulators' directives should be prioritized from a compliance and legal perspective, they must have accompanying engineering and technical basis on assigning the priority of work and extensions to deadlines should be requested in industry resources are not able to meet all the top reliability obligations.
- New Reliability Standards
    - We are often reviewing revisions to Reliability Standards before a prior version has been implemented.
    - A greater integration of frequently violated standards, performance metrics, and event analyses into determining future standards development efforts would be an effective and welcome change for the industry. Please place more emphasis on this area.
  - Stakeholder input
    - It appears that the generation sector is not adequately represented in the Standards Development Process.
    - The recent issues with the standard ballot not achieving quorum are due to the stakeholders believing that their input to the process is not being adequately addressed.
  - Applicability
    - In some cases, the standards need to be more specific with applicability. For example, there is confusion around TO/GO applicability for generation interconnection facilities.
    - The functions relevant in the Applicability section do not always encompass the functional entities relevant to the requirements.
    - Entity generally agrees, however, the reliability standards often apply to multiple registrations, which can lead to confusion regarding responsibility for compliance. This is particularly evident in reliability standards applicable to transmission planning, e.g., differentiation between Transmission Planner, and Planning Coordinator responsibilities relative to compliance with planning-related reliability standards would benefit reliability by allowing entities to focus resources on identified responsibilities while also increasing efficiency and preventing duplication of effort.
  - IT / Website
    - Difficult to find information regarding history of standards

- Balloting section is out of date
- Bring back the drop down list of Reliability Standards from the old website
- Rate impacts
  - Standards should consider the rate impacts of investments required to comply with standards. EPA Act indicated that standards process could not direct investments in the grid, but the actual impact is costs to ratepayers without ratepayer oversight of unfunded mandates.
- Standard Drafting Teams
  - NERC needs to be more cognizant and allow stakeholders to drive the drafting process rather than NERC staff.
  - Greater explanation of why SDT decisions were made would be helpful (technical and operational)
  - Ad-hoc teams for standard development are not working.
  - Sound basis in engineering and operations is very resource intensive to track due to the volume of the standard projects in progress and the individuals assigned to them all.
  - I strongly disagree that the applicability of reliability standards to small, rural utilities is based on sound engineering; it seems to be more based on an arbitrary voltage level and peak load value. "Sound engineering" would likely conclude that many small rural utilities that have had to register with NERC do not have any material impact on the reliability of the bulk electric system. Forcing these standards upon small rural utilities has caused undue hardships and unnecessary costs.
  - There appears to be somewhat of a disconnect between NERC, The SDT and industry in that the SDTs do not appear to be listening to the comments that industry is providing in that when industry comments that a standard should move in a certain direction, more often than not the SDT does not go in the direction that industry believes they should. If there is a reason that the SDT is choosing to not follow industry's direction then there needs to be significantly more transparency on why they are not following the direction indicated by industry. For example: 6 drafts of COM-003 industry requested the merger of COM-002 and COM-003 and were rejected by NERC management and the SDT and were only resolved by NERC BOT action.
- Fill-in-the-blank standards
  - NERC's failure to deliver certain Order 693 fill-in-the-blank standards in a timely manner has resulted in the development of Regional Reliability Standards, well in advance of the continent-wide NERC Reliability Standard, to fill the perceived gap. The Registered Entity must comply with FERC approved Regional Reliability Standard, resulting in investment of time and resources that may not be necessary or appropriate once the continent-wide NERC Reliability Standard is approved.
- Smaller entities
  - Find Reliability Standards too long and complicated

- **Communication**
  - Development of Reliability Standards is well communicated
  - We are aware that initiatives are underway at NERC to address this volume of communications from NERC issue and we support these efforts.
  - In some instances, there have been too many projects/initiatives running concurrently. With ongoing cost and resource constraints, it has been difficult for Registered Entities to effectively monitor and participate in all these activities at once.
  - The liberal use of the waiver provision of the SPM and concurrent postings of SARs and draft standards makes it difficult for Registered Entities to review all materials and solicit feedback from their stakeholders in a timely manner. The waiver provision is intended to only be used under very specific and limited circumstances.
  - The volume and short turnaround times associated with the development projects may be lessening the effectiveness and efficiency of communications efforts.
  - We would appreciate more "push" notifications of a report that distills what is newsworthy and does not just include links to documents.
  - We know of several organizations, including ourselves, which have missed balloting or commenting opportunities due to the volume of activity. The quality of input NERC is seeing goes down markedly when this occurs.
  - The Reliability Standards Development Plan is a good communications tool and focal point for stakeholder input into scope, schedule and priorities. The most recent Reliability Standards Development Plan is a vast improvement over previous Plans.
  - The Reliability Standards Development Plan could be improved by creating a clear schedule of standards being developed that are not yet in the balloting and commenting process, and by eliminating waves of excessive amounts of projects open for comment and voting during a single time period.
  - The US Enforcement Dates matrix is excellent and updated quickly.
  - Use of BPS v BES terminology continues to cause confusion; this needs to be explained and consistency developed across the NERC Statement of Compliance Registry Criteria, Reliability Standards, etc.
  - The RSDP must become a reliable source of information for industry to predict and allot resources to commit to development and review of proposed standards. It must be accurate and dates/status fresh. Subject matter experts are needed to ensure good comments and expedite consensus building. These experts are not wholly dedicated to reviewing standards at a moment's notice. As does any good manager/supervisor, communication to these experts on when and how much time they need to commit to standards throughout a year is fundamental to getting their input.
  - We appreciate NERC continued efforts to provide timely communication of compliance topics in NERC's Standards Bulletin.

**Regional Entities**

- RSAW
  - Efforts are underway to develop RSAWs concurrently with standard language, which should be beneficial. (SERC)
  
- Dissemination of information
  - Registered entities would like to obtain additional information regarding evolving Reliability Standards. (RFC)



Business Plan and Budget

**NERC**

- Smaller entities
  - Smaller entities do not have the manpower to review or provide meaningful input into NERC's budget.
- WECC
  - WECC's budget assessment continues to grow with little opportunity for ratepayer concerns to be meaningfully addressed.
- Budget increases
  - The extent of recent (and proposed future) ERO budget increases cannot be sustained and a challenge for Registered Entities to match.
  - Are there opportunities for stronger partnerships with industry to reduce staffing or budget for contractors at the NERC level?
  - Registered entities, and all Net Energy Load entities, would appreciate periodic presentations by NERC and FERC senior management addressing initiatives to ensure maximum efficiency in use of resources, avoiding duplication of effort between NERC and FERC staff, NERC accountability to FERC Commissioners through a streamlined FERC OER staff, allowing a NERC Board-approved proposal a chance to work recognizing refinements can always be addressed if the need is demonstrated, etc.
  - The level of staff resource growth appears to be substantially higher than staffing resources of Registered Entities. It would be informative to see graphical representation of NERC, FERC, and Registered Entity (by size class) staffing resources over the past six years.
- Stakeholder input
  - The timing of when the stakeholders are provided the opportunity to provide input into the business plan is too late and input that is provided on business plan is not incorporated into the plan.
  - The budget process has improved, but the business plan is the driver of the budget and that is poorly coordinated. (I.e. It is now mid-Nov 2013 and Goals for 2014 have not been communicated to the industry and may not until they are finalized or too far along to make changes and incorporate stakeholder input. Additionally, prior policy input from MRC regarding goals has not been incorporated into the plan. Specifically on the Coordination and Collaboration goals, which are entirely internally focused and not reflective of a quality Collaboration goal).
  - Financial information concerning future budgets have not been sufficiently clear and have not provided sufficient details. In fact, the lack of clarity was cited by the Finance and Audit Committee as a cause of misunderstanding by stakeholders of projected costs in the 2014 budget.
  - It is unclear how input regarding the budget is actually utilized by NERC.

## **Regional Entities**

- Business plan and budget
  - The extent of recent and proposed increases to the ERO budget cannot be sustained. (MRO)
  - Why does Peak Reliability require an additional \$40 million? Budget increases do not appear to have a significant ratepayer impact perspective. There has not been much public discussion regarding the financial impact of the WECC reorganization and how the organizations will be funded. (WECC)

Compliance

**NERC**

- Consistency
  - Poor oversight in ensuring consistency in auditing practices
  
- RAI
  - The RAI program is a step in the right direction. Having internal controls for self-correction of errors, including programs that catch errors in their error detection program is the proper vision for the ERO's strategic plan.
  - The vision for RAI is too high level regarding registered entity implementation.
  - Publishing the auditor handbook would also be very useful for helping industry understand what is expected.
  
- Demonstrating compliance
  - More outreach on the level of expectations and examples of compliant processes would be helpful, rather than "We will let you know if something isn't good enough... in an audit." There should be a process to get preliminary review of a process prior to the implementation date, so that an entity has some assurance the program is sufficient.
  - Available information about the levels of performance is often not available for CIP standards.
  - Examples of what entities are doing that are compliant, especially on the most violated requirements would be extremely helpful.
  - Clarifications regarding how new standards will be measured / audited are not timely; putting entities in a risky position of making significant investment in their interpretations of the standard with a risk of stranding some or all of that investment if it is monitored and enforced to a different interpretation.
  - The "Statement of No Findings" during an audit should include a level of adequacy; what was provided as evidence that satisfied auditors? Auditors need to educate the entity on what documentation could be eliminated from a response.
  
- CANs / RSAW / other NERC guidance
  - The handling of CAN's needs to be reviewed. CAN's are good documents for reference concerning compliance and clarification; however, they should not be used as compliance documents in an audit.
  - Many new RSAWs expand the scope of the Requirement. RSAWs should be vetted as Standards are.
  - The RSAW must be written and available prior to balloting and follow the new or revised standard through the balloting process.
  - NERC has provided some insight for Registered Entities to glean compliance information through a variety of tools such as Case Notes, CARs, CANs, Bulletins, etc. However, some resources have gone beyond the role of guidance to interpret and revise Standards outside the

stakeholder process and none of these resources have become a stable source of insight.

Compliance guidance is welcome by industry; however, the guidance must respect the actual language of the standards and achieve some stability as a resource. Stakeholders are available to provide critical input on what guidance is needed and in what form.

- Self-reports
  - Self reports - provided no harm was done - should have immunity from penalties and used as an educational tool instead of another method of punishment.
  - We agree with NERC promoting self-assessments and Internal Control testing as an efficient and effective method of assessing compliance. As mentioned above, we believe the industry needs to better understand the incentives to self-reporting and that NERC needs to better emphasize the benefits to both Reliability and the Registered Entity.
  
- IT
  - The OATI interface is archaic and not user friendly.
  - WebCDMS - Offer one unified login instead of a different login and password for each registered entity
  - Recommend that NERC direct the Regions to standardize their portals, forms, etc
  - The method used to submit information is very time consuming. It would seem to me that the programmers could come up with a way to have all necessary information in fields rather than downloading and uploading a spreadsheet. Additionally, all of the information about the entity should be brought up rather than filled in. Since we have a personal account and a certification document, all we should be required to do is input any changes and submit. It took me an hour to complete the process just this morning because the method is not user friendly. If internet websites can retain all of my credit card information, why can't reliability first remember my \*Registered Entity NCR #?
  - Tools are not stable, e.g., tools are sometimes incompatible with certain web browsers, nor are they user friendly.
  
- Efficiency
  - Efficiency could be improved, however, by conducting more off-site audits, thorough review of the registered entities' evidence prior to the audit, and scoping of audits to only those Standards/Requirements that have the potential to significantly impact the reliability of the BES considering an individual entity's risk profile.
  - The new CIP Version 5 Implementation plan is a good example of appropriate processes due to the development of examples on how to show compliance. PER-005 would be a concern because for our entity, the new process was implemented in 2013, but won't be audited until 2016, so there is (3) years of exposure.
  
- Small entities

- Small entities with very limited connectivity to the interconnected system really need some guidance with scoping their internal self-assessments and programs, so as to limit the resource intensiveness of this process and financial exposure to its ratepayers.
- Self-certification
  - A separate self-cert process is conducted annually by the enforcement authority as a monitoring and enforcement method.
  - While continuous internal self-assessments are always best, is this really a realistic and cost effective expectation?
  - It seems that it would be sufficient to submit a report only for quarters in which a misoperation occurred and allow the annual self-certification to address compliance throughout the entire year.

## **Regional Entities**

- 693 / CID audits
  - 693 [operational and planning] and Critical Infrastructure Protection (CIP) [compliance audits] are different in level of detail, approach and interpretations used. CIP violations take a long time while 693 standards are often handled in a more timely manner. (SPP)(SERC)
  - CIP interjects own interpretation at times (SPP)
- Training
  - Compliance videos are helpful especially to smaller entities. (SPP)
  - WECC provides helpful compliance information on webinars and at Compliance User Group (CUG) meetings. However, audit guidance may deviate from this information so it would be helpful if WECC had a compliance guidance archive similar to the NERC Compliance Analysis Reports (CARs). (WECC)
- Professionalism
  - Compliance audit team did not demonstrate professionalism in all aspects of our last audit. Compliance staff refused to tell the registered entity what it needed to do to become compliant. (MRO)
  - Audits are done in a professional manner, but they are not efficient. (NPCC)
  - Audit reports sometimes contain technically incorrect information. (RFC)
  - RFC is doing a better job recently, they are now better at understanding or considering the overall compliance picture and not just filling out their RSAWs. (RFC)
  - Additional off-site review of documentation is required before on-site audits. (RFC)
- IT / Website
  - WebCDMS needs to have one unified login and password instead of a different login/password for each registered entity within an organization's portfolio of registered entities. (MRO)
  - Create a common submission portal and/or repository for submitting information. The submittal process is not user friendly. One should be able to log in and find information in one place. It

should only take a few minutes to complete, not an hour because of all of the downloading and uploading. The excel spreadsheet is not an effective way to store this. It should be a database that is fed by the website information (and vice-versa). (MRO)(RFC)(SERC)

- The reporting site is confusing, especially if you have multiple registrations. (NPCC)
- Automate forms so that there is no need to upload scanned, signed forms (TRE)
- WebCDMS is a useful tool. (RFC)
- SERC has two separate systems for reporting and tracking (reliability data vs. compliance reporting). This is very confusing and burdensome. (SERC)
  
- Self-report
  - Streamline the self-report process; where self-reported violations are for minor infractions of requirements that do not materially impact reliability, there should be a shorter initial self-report. There should also be a more streamlined enforcement resolution process. (MRO)(RFC)
  
- Performance expectations
  - The WECC Internal Compliance Program Assessment (ICPA) process conveys the high value that WECC places on self-assessments and self-reporting possible violations. This is an effective means for WECC to provide guidance to registered entities. The feedback that WECC provides to entities that participate in the voluntary ICPA process is particularly useful in helping entities further refine their compliance programs. This ICPA process is helpful as entities strive to establish a culture of compliance.
  - The CIP Reliability Standards compliance and performance expectations are lacking across NERC and the Regional Entities. (MRO)
  - The “Statement of No Findings” during an audit should include a level of adequacy (i.e., what was provided as evidence that satisfied RFC auditors?) Auditors need to educate the registered entity on what documentation could be eliminated from a response. There needs to be a better definition of how to provide documentation and in the appropriate format. (NPCC)(RFC)
  - MRO does better than NERC in providing the Standards Applications Guides. This is an attempt to help us understand, from an auditing perspective, what will be required to prove compliance. The guides don't stay current with expectations for the highest risk standards (CIP standards). (MRO)
  - NERC has provided some insight for Registered Entities to glean compliance information through a variety of tools such as Case Notes, CARs, CANs, Bulletins, etc. However, some resources have gone beyond the role of guidance to interpret and revise Standards outside the stakeholder process and none of these resources have become a stable source of insight. Compliance guidance is welcome by industry; however, the guidance must respect the actual language of the standards and achieve some stability as a resource. Stakeholders are available to provide critical input on what guidance is needed and in what form. Compliance guidance should be consistent and applicable across the Regional Entities. (RFC)
  - RFC may consider adopting the industry subject matter expert (ISME) program at SERC. (RFC)
  - The compliance assessment process associated with an event is not efficient and has confusing requirements. (RFC)
  - We do self-audits and identify recommendations, but then other auditors, including NPCC auditors will disagree as to what is required for compliance so you end up more confused. Also at the NPCC semi-annual meetings they always say we can't tell you how to comply or what evidence we expect to see, so it is never clear or useful as to what evidence is needed for

compliance. This creates extreme confusion, extensive additional man-hours and paperwork that do not provide any benefit for reliability. (NPCC)

- Consistency
  - Shared understanding about RSAW responses could improve, in particular in light of the multiple standard version changes of late. Efforts are underway to develop RSAWs concurrently with standard language, which should be beneficial. The stability/durability of RSAWs is also important to creating common compliance expectations. The Regional Entities manage audits and the submission portals. Significant differences across Regions in audit practices remain. (RFC)
  - For multi-Regional Entities, regional differences remain a challenge. Continued improvement of clarity and consistency across Regions in audit practices is needed.
- RSAW
  - RSAWs need additional public comment. The accessible information requirement is not clear in the standards or RSAWS causing a lot of excess information to be added to cover unclear expectations. For Ops and Planning standards, what accessible information meets expectations and does not exceed CIP requirements? Is information provided for general audits secure? We provided general technical documents for the last audit which the auditors accepted. Will that always be the case or could they want more technical, higher security information, i.e.: site locations, equipment types. General information should be adequate for a normal audit unless concerns arise that would require more specific details which should be handled under a more secure interaction or onsite. In 2013, NERC and RFC have started to improve on this issue, but additional help is required. RFC use of discretion on certain issues is questioned. (RFC)
- RAI
  - The zero tolerance compliance application continues to be the greatest hurdle to managing a rational, reasonable reliability compliance program. We are optimistic that the proposed Reliability Assurance Initiative (RAI) will contribute to progress in this area. We strongly support the NERC Initiative and look forward to a cogent rollout of rational, credible reliability compliance approach.

Enforcement

**NERC**

- Inconsistency
  - Inconsistent treatment of similar findings
  
- Timeliness
  - Some open enforcement actions take more than 3 years.
  - Too many possible violations are being investigated.
  
- NOP / SNOP / FFT
  - SNOP and FFT are moving in the right direction to allow an entity found to be non-compliance to mitigate and move forward without waiting for NERC action
  - Does not seem to be equally embraced by all the Regional Entities
  - FFT processing is still untimely.
  
- Penalties / Sanctions
  - Penalty calculation is not transparent.
  - Transparency regarding the enforcement and standards development process has been reduced over 2013. This may be a result of the process improvements that are currently being implemented through RAI. Nonetheless, this is an area for which improvement is recommended.
  - Repeat violations that could not have been prevented by any of the mitigating activities approved by the Region and NERC for the first violation. These should be treated similarly to a non-repeat violation from a penalty perspective.
  - Posted violations do not provide sufficient information for other registered entities to make appropriate changes to their program
  - Is there a requirement by NERC that the Region increase the penalty amount for the new violation regardless of the facts and circumstances?
  - There should be no penalties for administrative violations -- P 81 and RAI should fix this problem – these types of violations do not have a direct impact on the reliability of the BES. Creating some document required by a standard did not change the way these utilities operate and did not affect reliability, but yet they were penalized anyway. The notice of penalty letters threatened some ridiculous amount (like \$100,000 per day or something like that), but then fines were negotiated down to a few thousand dollars. The utilities would have liked to contest the penalties, but the fines were at a level that made it more cost effective to just pay the fine instead of trying to contest. It seemed like the focus was just on getting some money and not on the integrity or reliability of the BES.
  - Mitigating and aggravating factors are communicated very clearly.
  - The computer assessment tool for penalty calculations is not accessible to registered entities.



- NERC violations are tied too much to the VRF/VSL penalty table mentality, and not to the FERC Oct 2010 sanction guidelines, which provides a more straight-forward and repeatable assessment approach to the event.
- Additional transparency is needed to enable Registered Entities to discern the factors and associated weights that are considered when calculating a sanction(i.e., did the entity self-report, was a high-impact requirement violated, is the entity interested in making an investment to improve reliability or mitigate future situations). Increased transparency would also improve consistency across the regions

## **Regional Entities**

- **Penalty / Sanctions**
  - The process by which sanctions / penalties are scaled to match risk is opaque given that the Sanction Guidelines provide for such a wide range Reserve financial penalties for violations that are true high impact requirements or which have an observable impact on reliability. Regional Entities must be able to show the relationship between the risk of each violation and the penalty amount for each violation. CIP penalties levied seem to be well above and beyond the non-CIP penalties levied without any substantial difference in CIP risk. Registered entities need greater visibility on other registered entities' penalties. The primary area for concern is penalty determination and the vague factors such as BES risk and Impact.
  - VSLs and VRFs are clearer, but even in those cases the final amounts seem a bit arbitrary. More transparency in the penalty determination process would improve trust and cooperation across the industry. (RFC)(MRO)(FRCC)(SERC)
  - Greater transparency is needed to enable registered entities to discern the factors and associated weights that are considered when calculating a sanction. (MRO)
- **Processing**
  - The majority of costs associated with potential violations lie in the mitigation and administrative burden. (FRCC)
  - Large delays in enforcement findings result in unreasonable costs to the entities. (FRCC)
  - Since all potential violations are processed similarly, even minor infractions take in excess of a year to be resolved. (MRO)
  - Address the backlog in violation processing (TRE)
  - Timeliness in processing and closing possible violations as well as issuing accurate Audit Reports continues to be a challenge. (RFC)
- **NOP / SNOP / FFT**
  - FFTs being required to go through the full mitigation process is burdensome and unreasonable. (FRCC)
  - MRO leads the other Regional Entities in the use of FFTs for minimum risk items. (MRO)
  - Violations are not discussed in sufficient depth to learn from them. (NPCC)
  - Expand the use of FFTs (NPCC)

- Enforcement reports need more detail. (RFC)
- The use of Find, Fix, and Track (FFT) is a significant improvement to the enforcement process and enables better management of low or no risk infractions. It is essential to continue progress on the FFT project to stop no risk infractions from going into the enforcement pipeline and to focus enforcement on the areas of greatest risk to the system. However, the processing time, start to finish, for low impact infractions using FFT, remains too long. (RFC)
- Self-report
  - I understand the reason for doing the extent of conditions on self-reports (factors in determining the risk to the BES), but it requires a lot of effort to look back. The process needs to be more streamlined. (MRO)(RFC)
- Consistency
  - We continue to experience inconsistent treatment for similar findings including, at times, the extreme situation of compliant in one Region and possible violation in another for the same evidence presented. (RFC)
- Professionalism
  - There is open and clear communication and resolution of problems with enforcement staff. (RFC)
  - Entities need a clear conclusion supported by compliance and enforcement for mitigation plans. (RFC)

Registration and Certification

**NERC**

- Certification
  - The certification process appears to operate fairly well.
  - We have always considered the registration process to be the best of all NERC's program areas.
  - The NERC System Operator Certification Program is currently deficient relative to ensuring that System Operators are afforded the opportunity to obtain the essential knowledge and skills necessary to obtain the Operator Certification. Availability of training for exam preparation has not kept pace with current operator certification exams, which were updated by NERC in the first quarter of 2012.
  - The System Operator Certification Program properly utilizes an exam process to verify that System Operator have attained a required minimum knowledge level prior to assuming shift responsibilities. System Operators must maintain that certification by earning NERC approved Continuing Education Hours through attending and passing NERC approved training courses. This is a good credentialing process that is followed by many certification and licensing entities throughout North America.
  
- CFR / JRO
  - If an entity is in a CFR where one Balancing Authority assumes all of the compliance responsibilities for other Balancing Authorities, do those other entities still need to be registered as BA's?
  - There is a lack of clarify regarding the burden (i.e., performance expectations, liability for non-compliance) that is put upon the responsible party. A more effective solution could involve a documented identification of assets / facilities association with each functional registration.
  - The CFR process requires entities to negotiate and agree upon perceived risk.
  - Additional guidance and a streamlined, consistent process regarding CFRs for which an entity is only taking on a small subset of a function responsibilities is an area for which improvement is recommended. This process should account for circumstances where affected functions are associated with a certification process (BA, RC, and TOP) and the registered entity has already undergone certification for one or more of the functions requiring certification.
  - The CFR and JRO processes are a large administrative burden and may be avoided for that reason. Changes resulting from the enhanced BES definition will likely stress the process for modifying NERC registrations.
  - Since registration is the means through which NERC exercises its jurisdiction, it should be carefully tailored so that the standards apply logically. In our particular situation, our small entity owns one transmission substation, but another entity operates our breakers. A CFR would be appropriate for a number of requirements, but since it is optional and not mandatory, the other entity will not consent to expanding its compliance risk exposure.
  - Regional inconsistency remains in implementing CFRs and JROs.

- CFR's and JRO's are difficult and awkward to implement and maintain. We still have confusion around smaller entities and who must register for what functions. This puts the smaller entities in a difficult situation of asking for an interpretation that can put them at a significant cost risk. The definition of the Bulk Electric System is a step in the right direction.
- There may be a simpler way to enable CFRs whereby an entity is only taking on a subset of functional responsibilities.
- Maintenance of in-place CFRs is required as each standard changes and requires a new CFR submittal.
- Functional model:
  - Update the functional model
  - The functional model relationship between some registered entities remains unclear. For example, many entities registered as Planning Authority / Planning Coordinator in the Western Interconnection claim to perform that function only for themselves, leaving many registered entities without an acknowledged Planning Authority / Planning Coordinator.
  - Much early confusion with PC/PA functions in the West, with weak tie-back to the functional model through the NERC glossary.
- BPS v. BES
  - There are many entities that have no impact on the BES that are still required to commit time and money to compliance.
  - The difference between BES and BPS remains unclear.
  - In NERC's memorandum issued April 10, 2012 on the subject Use of Bulk Power System versus Bulk Electric System in Reliability Standards, NERC provided guidance on the appropriate use of those terms within Reliability Standards. The memorandum summarized both NERC and FERC's position that BES is the portion of the bulk power system to which the standards apply and should be used when that specific meaning is intended. The FERC approved phase I and industry approved phase II definition for the term BES both enhances FERC's goal to eliminate the regional discretion, establishes a bright-line threshold that includes all facilities operated at or above 100 kV, and also identifies specific categories of facilities and configurations as inclusions and exclusions to provide clarity in the definition of the BES. BES is less ambiguous than BPS and the terms are not interchangeable within Reliability Standards.
  - Some drafting team members are attempting to first use the term BPS within draft Reliability Standards Requirements rather than the term BES. It is clear that Additional guidance and training is warranted to new drafting team members that may not be as familiar. NERC's Standards Developers should be trained to provide guidance to drafting team members when it's recognized that the terms BPS is written into the requirements. It would also be helpful if the aforementioned NERC memorandum was posted as a stand-alone link on the Standards landing page as a reminder and quick reference for industry access as some NERC Standards Developers/coordinators were unaware of this memorandum issued just last year.

- BES definition
  - Certain entities that were registered as LSEs early on in the process despite having little to no potential impact to the reliability of the BES, and who since have legitimate arguments for deregistration based, in part, on the revised definition of BES, do not appear to be given timely due process and serious consideration for deregistration by SERC despite having very little, if any, impact on the reliability of the BES.
  - NERC has been struggling to get a FERC approved definition for Bulk Electric System for many years. Although SPP supports the continuing development of the definition through the Phase 2 effort, we believe a bright line cutoff with an exceptions process is not an efficient use of industry resources. NERC and the REs should instead take a pro-active approach in assessing which assets are involved in the flow of bulk power regardless of what size and energized voltage level.
  - Ongoing changes to the BES definition have created much confusion in the industry. Having a written guidance document that illustrates the proposed changes before balloting takes place would be helpful.
  - The 20 MVA rating seems low for which plants should be registered to NERC. There are many added expenses to a facility that is so small and often insignificant in the scope of the local BES.
  - BES definition project appeared disconnected from the functional model
  - The new definition must address how to distinguish between the size of the functional entity and the appropriate applicability of Reliability Standards
  - Registration criteria do not always reflect reliability implications of the BES elements.
  - Registration criteria for PSE, LSE and DP entities is not clear
  - Registration process is unclear as demonstrated by SLECA
  - We remain concerned with registration of certain entities such as GO/GOP as TO/TOP and some LSE registrations where load is connected to a radial Element.
  
- Rules of Procedure
  - We feel that the GO/TO Project and the Statement of Compliance Registry Criteria document changes are steps in the right direction for clarifying registration requirements.

## **Regional Entities**

- CFR / JRO
  - Registration process for addressing situations in which compliance responsibilities are shared or delegated among entities (i.e., Coordinated Functional Registration (CFR) or Joint Registration Organization) is burdensome and neither clear nor efficient. It was more difficult in SERC to make changes to our JRO than in RFC. There is regional inconsistency in implementing CFRs and JROs across Regional Entities. (FRCC)(SERC)
  - Compliance software is not customized to CFRs (FRCC)
  - CFRs and JROs are cumbersome and not good tools to manage compliance responsibilities. This is particularly the case when Reliability Standards are changing too frequently to allow these documents to stay current. (MRO)

- Additional guidance and a streamlined, consistent process are needed regarding CFRs for which an entity is only taking on a small subset of function responsibilities. This process should account for circumstances where affected functions are associated with a certification process (BA / RC / TOP) and the registered entity has already undergone certification for one or more functions requiring certification. (MRO)
- Certifications
  - Audits conducted after quarterly certifications and certifications after audits are not adjusted to reduce redundancy and reduce manpower. (SERC)
  - Considering that there are very specific reasons for an entity to be re-certified, the Regions ought to have prepared listings of NERC Reliability standard Requirements that an entity seeking re-certification needs to be prepared to address during their re-certification process. Currently, the process appears to be developed on-the-fly. [Note: Only experience with re-certification is in the SERC Region.]
- BES
  - We generally agree but remain concerned with registration of certain entities such as GO/GOP as TO/TOP and some LSE registrations where load is connected to a radial Element.
  - WECC did not response to de-registration inquiries timely and has a different interpretation of "directly connected" than what we had been previously led to believe.
- Forced registration
  - We disagree with the manner in which forced registrations have been carried out such as TRE's treatment of demand response providers.

Stakeholder Communications / NERC Independence / Public Relations

**NERC**

- Website
  - Regional Entities should follow the format and structure of the NERC website.
  - Recent change showed improvements
  - Tech support is not good and no follow-up on support tickets.
  - All meetings should be available remotely.
  - Organize information by standard rather than by document type (FERC orders, CANs, webinars, etc).
  - Dead links
  
- Meetings
  - Entity understands that the focus on Atlanta as the primary location for meetings and conferences is intended as a cost savings; however, expense to the Registered Entities should be considered as well. Meetings and conferences should be rotated between the Midwest, East and West coasts.
  - Webinars and teleconferences should be provided, when appropriate, to reduce travel expense.
  
- Staff
  - NERC is independent, however, the churn in staff makes it difficult to direct questions and concerns to the right people. Retention is a big concern of industry and churn interferes with the effective operation of the ERO. Turnover at NERC has been very high. The depth of knowledge and experience is less than it was in prior years. Project management / execution of initiatives and quality control are lacking.
  - While NERC Staff appear to be responsive to the needs of the reliability stakeholders, the question of independence from the Bulk Power System owners, operators and users is not readily apparent since many of NERC Staff come from the industry segments impacted by the standards.
  
- Leadership
  - There is inconsistent messaging even amongst the executive ranks of the ERO.
  - NERC's current leadership is very good about communicating the vision and expectations and maintain consistency with the ERO Enterprise Strategic Plan. We agree that the communication process is improving.
  - More leadership is needed, especially regarding establishing consistency amongst all the regions. The new RAI initiative has lingered and is not clear to the industry on the latest status and overall implementation. Have attempted to get company representatives involved in several of the subcommittees, but NERC follow-up has been poor.
  
- RAI

- The initial RAI whitepapers and filing deadline of RAI phase 1 of March 2013 are good examples of not enough information and making definitive statements of timetables without proper definition of the product are good examples. As it relates to RAI, NERC has not effectively communicated its vision. Information to date from NERC and the regions has been sometimes contradictory and often unclear on how it ties to the overall vision.
- Stakeholder input
  - The Standards development process is transparent with adequate opportunity for stakeholder input. However, processes for developing other documents that are related to compliance with Standards are not transparent and open to industry feedback.
  - This includes development of Guidelines and RSAWS which seem to be developed by a small, unknown group of individuals with insufficient input from industry.
  - Input is typically requested late in the process and is not well publicized. To be widely useful, industry should be more involved in developing guidelines.
  - Some of the statutory functions that NERC performs are generally not transparent to the registered entities as these entities deal almost exclusively with the Regions on enforcement actions. Other statutory functions are more transparent, such as the Standards Development Process and Events Analysis Program.
  - NERC provides exceptionally fair stakeholder representation in the selection of directors and other decision-making in committees or other subordinate organizational structures.
  - Liberal application of the waiver provision reduces transparency and time for stakeholder input.
  - Committee process is thorough and beneficial with a fair process for participation. There are numerous opportunities for stakeholder engagement.
  - While stakeholder input is requested, the extent to which NERC uses this input is not clear. An example is the repeat comments on the same issues in the annual stakeholder survey conducted by the CCC.
- Strategic Plan
  - The ERO Enterprise strategic plan is too broad and does not adequately address the implementation of an efficient and effective compliance and enforcement program.
  - We also tend to change direction mid-stream too often without effectively reaching prior goals creating uncertainty and confusion (e.g., FFT and RAI are both in play, RAI was proposed before finishing FFT; RISC was developed and, before maturation, the IERP process was initiated by NERC staff).
- Communication
  - NERC shares a lot of information with entities; however, high, medium and low impact often appears at the same level of communication. The newsletter is useful, but prioritizing and highlighting could make it more useful. Mechanisms to process the volume of information efficiently would be useful.
  - NERC needs to organize the volume of information distributed



- NERC provides WebEx for the meetings, but the notices for meetings are not given with very short notice (1 or 2 days before). NERC needs to develop an internal protocol that insures timely notices of webinars and that all the correct parties are sent the notices.

## **Regional Entities**

- Smaller entities
  - Difficult for small entities that are registered to sort through which requirements are applicable to them which increases the chance of noncompliance (FRCC)
  - Fall and winter workshops are not held in convenient locations (FRCC)(NPCC)
- Website
  - Include a search function for the website (MRO)
  - Website is difficult to navigate. Google is often used to find information on the website. Perhaps there could be a Google search link added to the website to comb through materials. (NPCC)(WECC)
  - The revamp of the Compliance website makes it very useful now; there are still several legacy sites within the WECC website, however, that are jumbled, lacking organizational structure, and unsearchable. (WECC)
  - Web portal has improved, but remains cumbersome. (SERC)
- Canada
  - NPCC committee structure facilitates NPCC's ability to deal with Canada. (NPCC)
- Training
  - NPCC workshops are better than NERC workshops. (NPCC)
- Dissemination of information
  - FTP tools are an effective way for transferring audit documentation to the Regional Entity. (SERC)
  - There is some concern regarding the security of confidential information. (SERC)

Training

**NERC**

- Training
  - Live trainings are superior to WebEx training
  
- Audit Preparation
  - More training/workshops would be helpful for registered entities to attend for the purpose of showing how to prepare for an audit and the type of evidence that will show compliance with reliability standards.
  - More training for registered entities rather than Regional Entities on how to comply with new Reliability Standards or problematic Reliability Standards
  - Many comments expressing that NERC does not provide auditor training
  - NERC needs to be more involved with the Regional Entities so as to provide consistency of enforcement.
  - Providing examples of acceptable evidence is critical
  - Evidence is not consistently evaluated across Regional Entities
  
- SERC ISMEs
  - SERC is the only Region that utilizes Registered Entity Independent Subject Matter Experts (ISMEs) as part of their Audit Teams. This role not only brings diversity to the Audit Team but also to provide the ISME an opportunity to experience another company's implementation of the NERC Standards and Culture of Compliance. In addition to the benchmarking opportunity, being a member of the audit team allows the ISME the experience of being "on the other side" of the table. This knowledge of what exactly the auditors expect as evidence of compliance allows the ISME to better prepare for the next audit at their own company. The nuclear industry is familiar with peer members participating in evaluations as performance based plant evaluations have been a key activity to support the Institute of Nuclear Power Operations' (INPO's) mission.
  
- RSAWs
  - Many registered entities are hopeful that the revised RSAWs will help registered entities demonstrate compliance.
  
- Reliability Standards
  - More training on the intent of Reliability Standards
  - Training should begin with the most violated standards and registered entities should be trained on how to be compliant
  - New or revised standards are also excellent candidates for training
  
- Event Analysis

- Additional Registered Entity training on interfacing with the Event Analysis Program and how the data is utilized would be useful, as would more timely sharing of the Event Analysis lessons learned.
- BES
  - More training needed
- CIP Version 5
  - More training needed

## **Regional Entities**

- Training
  - Training videos and workshops provide solid training to industry (SPP)
  - Improve training to help registered entities prepare for new Reliability Standards or to comply with problematic Reliability Standards (MRO)
  - RFC provides web conferences to support limited travel. (RFC)
  - It would be nice if WECC would have more frequent meetings/training regarding compliance, other than just the CUG/CIPUG meetings. It would also be preferred that these WECC meetings not be held in conjunction with WICF meetings, as the WECC meetings are more valuable and informative and I would rather see our resources/time being utilized to learn from WECC, not sitting in WICF meetings. That said, CIPUG and monthly compliance webinars are deemed effective forums for the industry to engage with WECC on relevant compliance matters. (WECC)
- Demonstrating compliance
  - Compliance needs to be an open book test; therefore, there needs to be better training to help registered entities demonstrate compliance to auditors (i.e., examples of acceptable evidence) Examples are provided, but they do not confirm whether compliance is met. Registered entities would appreciate the publishing of information about the levels of performance and the degree of documentation that is desired to demonstrate compliance. Some registered entities would like data request templates and auditor instructions to be posted. The goal of an audit is to get all utilities to a minimum set of standards. Any way we can help utilities achieve that goal, the better for reliability. MRO does emphasize strongly the use of internal self-assessments and self-reporting. MRO's Governance Risk Program (posted on their web site) has really helped me understand how to implement a Compliance Program. (MRO)(SERC)(WECC)
- Dissemination of information
  - WECC Compliance User Group (CUG) and Critical Infrastructure Protection User Group (CIPUG) meetings provide a lot of information, but there is no organized way to find specific documents on the site rather than having them searchable by standard, they are filed by meeting date. WECC data requests are also often difficult to complete and confusing (the ones outside of

OATI, like Order 754). WECC site asks for a login that is not needed on just about every link.  
(WECC)