

Meeting Minutes Compliance Committee

November 4, 2015 | 10:30 a.m. Eastern

The Westin Buckhead Atlanta
3391 Peachtree Road
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 4, 2015, at approximately 10:30 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
George S. Hawkins
Kenneth G. Peterson

NERC Staff

Valerie Agnew, Senior Director of Reliability Assurance
Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary
Sonia Mendonça, Vice President of Enforcement and Deputy General Counsel
Steven Noess, Director of Compliance Assurance

Additional Attendees

Carter Edge, Director, Coordinated Activities, Regional Entity Management Group
W. Lane Lanford, President and Chief Executive Officer, Texas Reliability Entity
Terry Bilke, Midwest ISO, Consulting Advisor

NERC Antitrust Compliance Guidelines

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

Follow-up Regarding Action Items from Prior Meeting

Ms. Case discussed the November 3, 2015, Closed and Executive Session meetings and reviewed the status of the action items from the August 12, 2015, Open meeting.

Minutes

Upon motion duly made and seconded, the BOTCC approved the August 12, 2015, meeting minutes as presented at the meeting.

CIP-014 Implementation

Mr. Noess described the ERO Enterprise's 2016 compliance monitoring approach regarding the Physical Security Standard, CIP-014-2. The ERO Enterprise will focus early 2016 monitoring efforts on CIP-014-2's requirements to identify critical stations and substations. The ERO Enterprise will issue a Self-Certification to registered entities to gather information regarding the identification of critical stations.

CIP V5 Implementation

Mr. Noess explained the ERO Enterprise's plans to focus its 2016 CIP Version 5 compliance monitoring activities on the identification of high and medium impact facilities according to CIP-002-5.1. The ERO Enterprise will use a targeted Self-Certification to understand the baseline of high and medium impact facilities, and conduct additional monitoring based on the identified risks and analysis of the Self-Certification results.

Development of Compliance Metrics

Mr. Bilke presented two enforcement-related metrics that resulted from a request from the Reliability Issues Steering Committee to use compliance data to identify reliability risks. The first metric tracks serious risk violations, and the second metric tracks violations with observable reliability impacts.

Ms. Mendonça indicated that NERC has started using the metrics. The BOTCC's November quarterly update on the risk-based Compliance Monitoring and Enforcement Program addresses some of the common causes of serious risk violations, and the February 2016 quarterly update will incorporate analysis of violations with observable impacts on reliability.

Progress Report on Implementation of the Risk-Based Compliance Monitoring and Enforcement Program**a. Regional Entity Implementation Experience**

Mr. Lanford highlighted the growing importance of risk assessment in guiding compliance monitoring and enforcement activities.

b. NERC Oversight of Compliance Monitoring Activities

Mr. Noess noted that for compliance monitoring, a risk focus results in appropriate scoping of compliance monitoring activities.

c. NERC Oversight of Enforcement Activities

Ms. Mendonça previewed the ERO Enterprise's 2016 risk-based Compliance Monitoring and Enforcement Program activities, including Inherent Risk Assessments for additional registered entities to ensure consistency and coordination between NERC and the Regional Entities on implementation, and further work on the Internal Control Evaluation process.

Adjournment

There being no further business, and upon motion duly made and seconded, the meeting was adjourned.

Submitted by,

A handwritten signature in black ink, appearing to read 'Charles A. Berardesco', written in a cursive style.

Charles A. Berardesco
Corporate Secretary