

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Compliance Oversight Plan Process Enhancements

Pre-Recorded Webinar

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RELIABILITY | RESILIENCE | SECURITY



- Implementation and Maturation of risk-based compliance framework
- Highlights of Updated COP Process
- Quantitative and Qualitative Analysis
- Selection of Risk Categories
- Selection of Oversight Strategy
- Reliability Standards for Monitoring
- Risk Category Example
- Reporting
- Implementation Timeline & Next Steps



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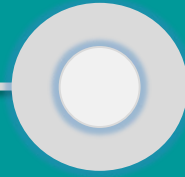
Ruchi Shah, Director of Entity Risk Assessment & Registration

2016



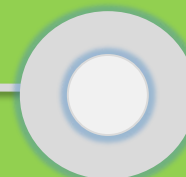
**IRA Process
Harmonization**

2018



**COP Process
Harmonization**

2019 - 2020



**Transition
Period**



Enhanced Analysis

Inherent & Performance Data

Analysis of inherent and performance data provides an understanding of an entity's overall inherent risk and performance profile



Targeted Oversight

Risk Categories

Selected risks provide a focus for an entity's continuous improvement & to Regional Entities for its compliance monitoring activities



Prioritized Monitoring

Oversight Strategies

Provide target interval frequency for oversight, primary monitoring tools, and informs annual planning



Standards to Risk

Appendix B

Provides Reliability Standards associated with the entity-specific risks. The scope of monitoring activities is derived from this list



COP Report

Common Template

One report to provide both inherent risk assessment results and the compliance oversight plan



Enhanced Analysis

*Inherent &
Performance Data*

Inherent Risk Assessment uses quantitative entity data such as what you own or operate

Performance assessment uses qualitative entity data such as internal controls, culture of compliance, compliance history, event data



Enhanced Analysis

*Inherent &
Performance Data*

- CIP-Impact Rating Criteria
- ICCP Connectivity
- Load
- Transmission Portfolio
- Critical Transmission
- Voltage Control
- Largest Generator Facility
- Total Generation Capacity
- Variable Generation
- BA Coordination
- Planned Facilities
- RAS/SPS
- Workforce Capability
- Monitoring & Situational Awareness Tools
- System Restoration
- UFLS Equipment
- UFLS Development and Coordination
- UVLS

Provide a holistic view of the performance of an entity based on the 8 Performance Considerations

Used individually or in combination in the specific determinations of Risk Categories

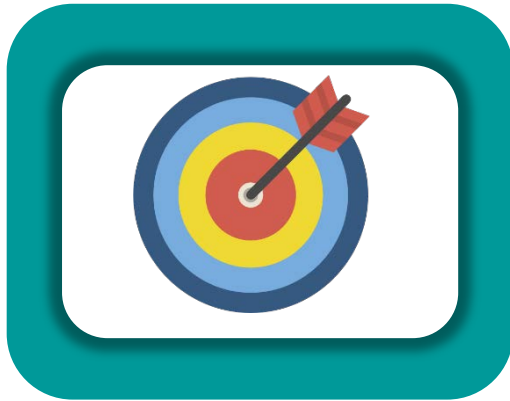


Enhanced Analysis

*Inherent &
Performance Data*

- Affiliates
- Compliance History
- Culture of Compliance
- Events
- Internal Controls
- Misoperations
- GADS/TADS
- MIDAS

Results of inherent and performance data analysis provides Regional Entities with an understanding of a registered entity's overall risk profile and key risk areas referred to as Risk Categories.



Targeted Oversight

Risk Categories

Provides entity-specific risks and a focus for an entity's continuous improvement

Regional Entities for its compliance monitoring activities

Common terminology and description of risks used across the ERO Enterprise

Asset/System Identification

Entity Coordination

Identity Management and Access Control

Emergency Operations Planning

Operating During Emergencies/Backup & Recovery

Training

Asset/System Management and Maintenance

Asset/System Physical Protection

Long-term Studies/Assessments

Operational Studies/Assessments

Modeling Data

System Protection

Normal System Operations

COPS will include an oversight strategy with a target interval and frequency for oversight activities

Determined by inherent and operational risk

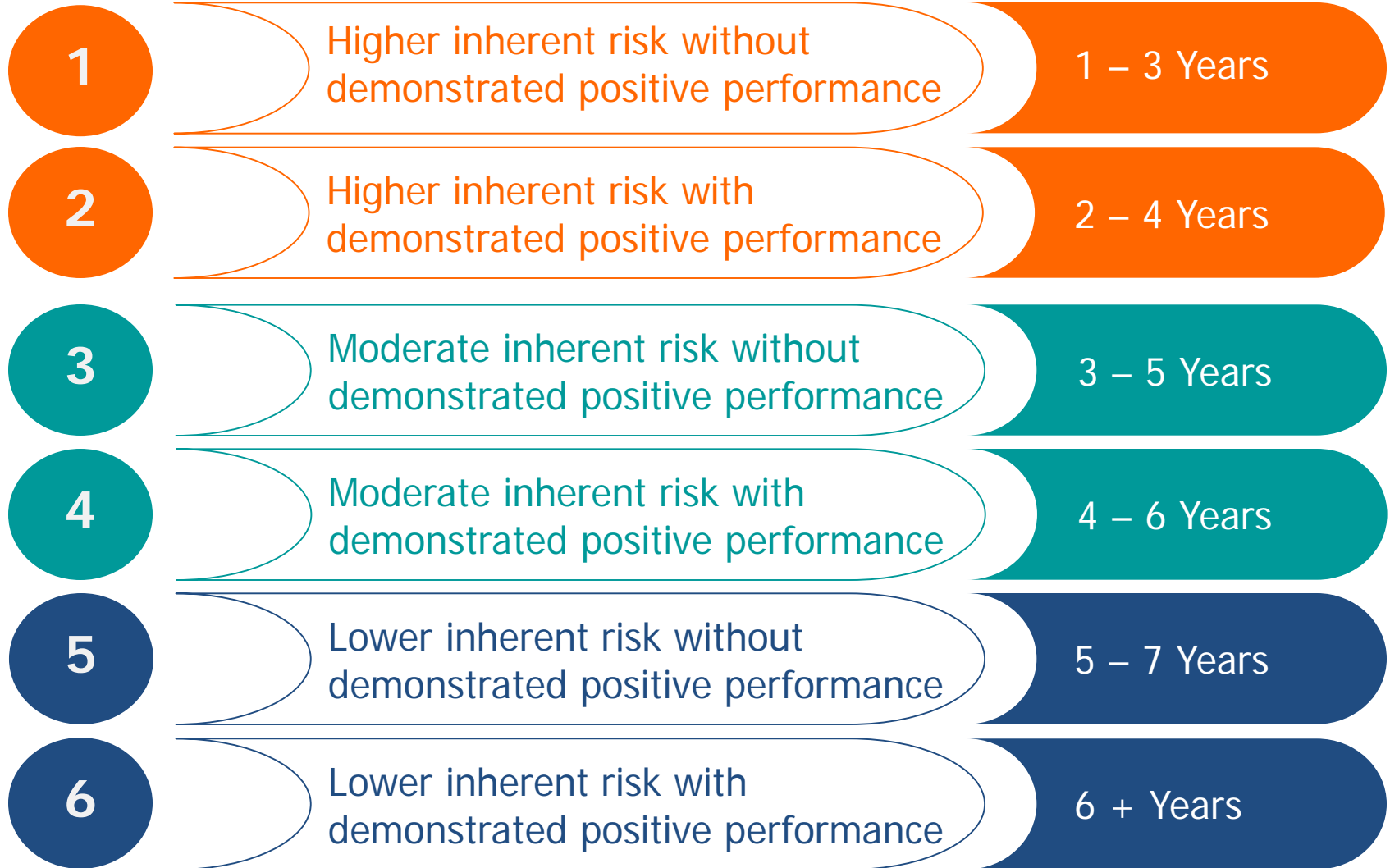


Identifies primary monitoring tools such as Audit, Self-Certification, etc.

Oversight strategies are used across the ERO Enterprise

Variation of monitoring interval and tools based on the entity's inherent risk and performance

Prioritized Monitoring *Oversight Strategies*





...with demonstrated positive performance, Entities:

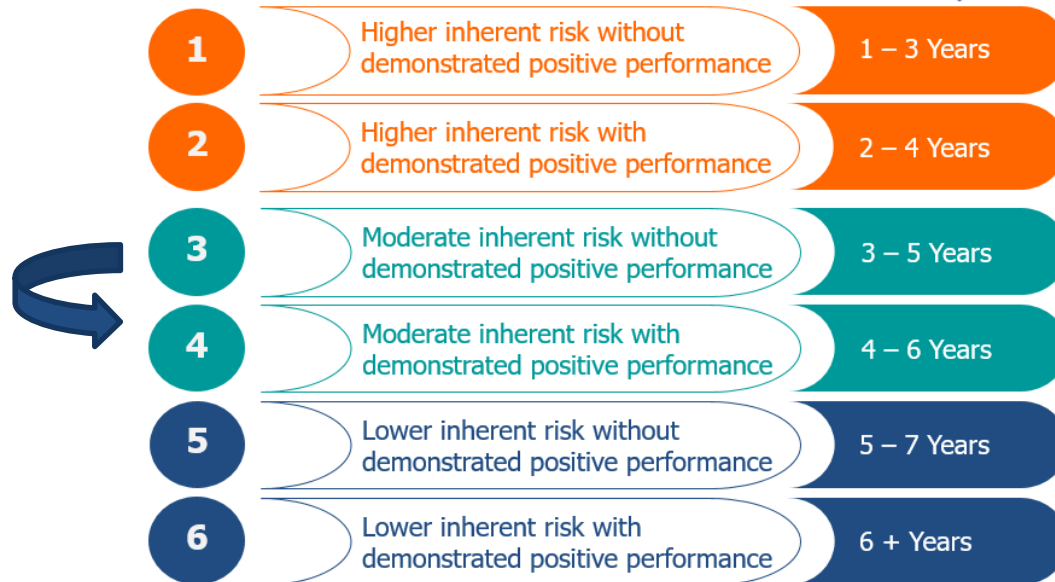
Have strong performance amongst the vast majority of the Performance Considerations

...without demonstrated positive performance, Entities:

has a mix of strong, average or weak performance amongst the Performance Considerations or the Regional Entity is not informed of a certain performance

Prioritized Monitoring
Oversight Strategies

Initial State - Entity has a Moderate Inherent Risk without demonstrated positive performance considerations and is in Category 3.



Potential State – Entity demonstrates positive performance considerations and moves to Category 4 (Target Monitoring Interval and Primary CMEP tool changes).

COPs will include the list of Reliability Standards associated with the selected risk categories.



Standards to Risks Categories

Scope of monitoring activities is derived from this list (i.e., \neq audit scope)

Monitoring activities may include all or a subset of Standards and Requirements included in the list

Performance Considerations

- Aids in identifying operational risks in Risk Categories
- Component of Oversight Strategy

Risk Categories

- Based on numerous inputs including IRA results and performance considerations determines operational risks

Standards and Requirements - Appendix B

- List of Standards/Requirements associated with identified Risk Categories

Risk Category	Description	Associated Standards
Training	It is necessary for individuals/personnel/operators to have adequate knowledge and skills to ensure the reliability and security of the BPS. Failure to adequately train operating personnel may compromise the integrity and reliability of the BPS.	CIP-003-8 CIP-004-6 COM-002-4 EOP-005-3 EOP-006-3 PER-003-2 PER-005-2 PRC-001-1.1(ii) (inactive 9/30/2020) PER-006-1 (Eff. 10/1/2020)



COP Report

1. Purpose
 2. Analysis and Results
 3. Oversight Strategy
- App. A: IRA Results Summary
- App. B: Standards and Requirements for Monitoring

Risk Factor Assessment		
Risk Factor	(High, Medium, Low)	Explanation
UFLS Equipment	High	Entity has UFLS with greater than 1.5% of load in regionally identified UFLS program.
UFLS Development and Coordination	N/A	Entity is not a registered PC and does not coordinate the UFLS program.
UVLS	N/A	Entity does not own or operate UVLS.
Load	High	Entity peak load was 1200 MW.
Transmission Portfolio	Medium	The entity has over 1000 miles of 138 kV Transmission
Voltage Control	High	Entity utilizes generators and other reactive resources to control voltage.

Associated NERC Reliability Standards and Requirements for Monitoring	
Standard	Requirement
BAL-002-3	R1.
BAL-002-3	R2.
BAL-002-3	R3.
CIP-003-8	R1.

- Regional Entities began implementing new processes in late 2019
- Implementation and release of COPs varies across the ERO Enterprise
- Industry outreach will continue as process improvements are identified.
- The ERO Enterprise will update the ERO Enterprise Guide and other program documents for Compliance Monitoring to incorporate process changes.

- [ERO Enterprise Guide for Compliance Monitoring](#)
- [ERO Enterprise Guide for Internal Controls](#)
- [One-Stop Shop \(Compliance Monitoring & Enforcement Program\)](#)
 - COP Frequently Asked Questions
 - COP Report Template
- COPFAQ@nerc.net

A stylized map of North America is centered on the page. The map is divided into three horizontal color bands: a light purple band at the top, a medium blue band in the middle, and a dark blue band at the bottom. The text "Thank you" is written in a large, bold, black sans-serif font, positioned over the medium blue band. The map shows the outlines of the United States, Canada, and Mexico.

Thank you