

# **2011 – 2013 BUSINESS PLANS AND BUDGETS**

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## **SHARED ASSUMPTION (NERC AND THE REGIONAL ENTITIES)**

### **2011-2013 BUSINESS PLANS AND BUDGETS**

SHARED ASSUMPTIONS OF THE ERO ENTERPRISE (NERC AND THE  
REGIONAL ENTITIES)

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#### **PURPOSE AND SCOPE**

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Between January and February 2010, NERC and the eight Regional Entities collaborated in the development of a common set of business planning assumptions and goals. The results from that effort are provided in this document.

The document is to be used by NERC and each of the Regional Entities as an input to each organization's 2011 business plans and budgets and longer term business and budget planning, recognizing there may be unique factors that drive differences in each organization's final business plans and budgets subject to the approval of their respective governing bodies.

The purpose of this effort is to establish consistent planning goals and assumptions which promote an enterprise-wide outlook for the conduct of activities under the international Electric Reliability Organization, NERC and the Regional Entities. This approach envisions/requires that NERC and the Regional Entities will work together as a single enterprise to establish consistent procedures, systems, processes and training. The document will serve as a guideline for the business planning subject to revision by NERC and the Regional Entities as part of a cooperative and integrated annual business planning and budgeting process.

## **OVERVIEW OF BUSINESS ENVIRONMENT**

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### **LEGAL CONTEXT**

NERC and the Regional Entities shall continue to work under the regulatory framework governing the establishment and enforcement of reliability standards for the bulk power system established by applicable governmental authorities in the United States and Canada.

NERC and the Regional Entities anticipate a successful conclusion to their negotiation of amendments to and extension of the terms of their existing delegation agreements, as well as approval thereof by applicable governmental authorities.

While there is a collective expectation of significantly increased workload, the scope of each Regional Entity's delegated authorities and responsibilities will remain relatively constant, with incremental process improvements reflected in the revised agreements between NERC and each Regional Entity.

NERC and the Regional Entities continue to expect cyber and critical asset security to be a priority in the United States and Canada, with significant oversight by applicable government authorities.

### **BUSINESS ENVIRONMENT**

Economic conditions will continue to place cost pressures on NERC, and the Regional Entities to work as efficiently as possible and leverage overall ERO resources. Cost pressures on the electric utility industry may affect stakeholder resources available to participate in NERC and Regional Entity activities.

Since NERC and the Regional Entities business plans, budgets and resource requirements were and will continue to be established based upon the assumption of continued industry participation in support of key program areas, including but not limited to event analysis, reliability assessments, and standards development, any significant change in the quality or availability of industry resources will increase NERC's resource and funding requirements.

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## **GOALS**

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While managing an overall ERO consisting of NERC and the Regional Entities working together cooperatively as a single enterprise has merit, it must be done with due recognition of the independent governance structures applicable to each entity, as well as the applicable regulatory and legal framework. NERC and the Regional Entities staff are committed to working together cooperatively to establish consistent procedures, systems, processes and training, as well as evaluating opportunities where they work together to further reduce costs. The benefits to this are clear:

- Improve efficiency by sharing resources, considering joint purchasing programs and establishing uniformity where possible
- Demonstrate consistency in the conduct of our work to the industry by common user interface, training programs and technology deployed

NERC and the Regional Entities will work collaboratively towards providing more transparency, sharing information, including lessons learned, and setting high expectations for the industry to improve performance.

The “enterprise” will increase its overall effectiveness by (1) assessing risks and materiality , (2) focusing on those matters which impact bulk power system reliability, and (3) most and naturally evolving into a teaching, instructive, improvement-based electric reliability oversight organization.

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## **KEY ASSUMPTIONS BY PROGRAM AREA**

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**Unless otherwise note, stated assumptions are anticipated to affect resource needs commencing in 2011.**

### **RELIABILITY STANDARDS PROGRAM**

1. NERC is expected to implement the Results-Based Standards initiative, which will focus existing reliability standards and reliability standards development on areas that will lead to the greatest improvement in bulk power system reliability. Training will be provided, training materials will be developed, and the results-based approach will be applied to existing and future standards projects. NERC will submit one revised Reliability Standards using the Results based approach for regulatory approval in 2010, five in 2011, fifteen in 2012, and twenty in 2013.
2. Final and revised CIP-002 through CIP-009, version 4, is targeted for completion and filing in 2010, with regulatory responses expected in 2011 and expected implementation in 2012 at the earliest, with remaining 706B requirements addressed in 2011 at the earliest (also see CIP Assumption 3).
3. NERC will streamline the standards development process to improve speed and quality while maintaining ANSI accreditation.
4. Additional resources will be required to support the National Emergency Standards Development Process which is reflected in version 7 of the Reliability Standards Development Procedure.
5. The number of interpretation and guidance requests is expected to remain constant in 2011 at 30-40 with a decrease expected in years after to reflect the impact of the results based standards initiative and improved standards development process.

6. The number of projects contained in the Reliability Standards Development Plan is expected to increase in the next five years as the Results Based Standards Initiative is fully implemented, work necessary to complete the response to FERC order 693 directives, and the existing requirement to review each standard every five years. However, the scope of these projects is generally expected to be narrower than would otherwise potentially exist in the absence of the Results Based Standards initiative
7. NERC projects to continue its current development and regulatory filing activity level in 2011. NERC projects to submit at least 60 standards related filings, conduct 50 ballots, and provide 50 comment opportunities for standards or interpretations. Generally, NERC will plan on a one year timeline to respond to FERC directives on standards development.
8. Regions estimate that they will develop and submit about sixteen Regional Entity reliability standards total in 2011 including UFLS, addressing their unique technical issues. Regional Entities will collaborate on standard development on issues germane to multiple regions and support NERC in its continent-wide development efforts. NERC standards development staff is expected to provide increased coordination of regional standards development by becoming more involved earlier in the regional development efforts to assure consistency in regional and continent-wide standard technical content, format, and quality. This effort is expected to require impact resource needs commensurate with the anticipated Regional Entity activity.
9. Regional standards development processes are expected to be reviewed and updated by the regions with a goal of bringing the regional processes into alignment with the streamlined process changes made to the continent-wide process, as well as to integrate the results-based development methodology into the regional development processes.
10. NERC expects to provide increased standard drafting team training to enable all drafting team members to understand their role in the standards development process.
11. NERC expects to implement training for NERC and Regional Entity standards staffs to improve their effectiveness, including training in facilitation, negotiation, project management, and leadership.
12. The impact of SmartGrid activities relative to standards development is unclear and may increase resource needs and cash reserve requirements.
13. Regional Entities are expected to integrate the impacts of the designation / re-assignment of requirements currently assigned to the Regional Reliability Organization (RRO) as they are revised as part of the standards development plan.

14. NERC will place significant emphasis on rebuilding its relationship with stakeholders and regulators:

- Through enhanced communication and outreach opportunities with stakeholders and NERC standing committees
- By integrating stakeholder input into key NERC policy decisions
- Through shared accountability for NERC goals
- Through increased project level communications, education, and training for new or revised standards
- By improving the standards portion of the NERC Website
- By jointly identifying needs for new or revised standards or standards products

This effort will require the realignment of the standards program to create management oversight and accountability for these key standards interface and communication activities.

15. NERC will transform its standards organization to produce a sustainable level of activity and output. This effort results in the need for increased resources, as follows:

- Enhanced management structure to focus on core activities such as operations, information services and interface outreach, and quality control.
- Increased training and technical writing capabilities to support drafting teams in the development of results-based standards
- Increased training and consulting services to support greater community outreach
- Dedicated support for standards database development and maintenance in support of the NERC enterprise compliance and standards information system
- Additional support for regional entity standards development activities

## **COMPLIANCE MONITORING AND ENFORCEMENT AND ORGANIZATION REGISTRATION AND CERTIFICATION PROGRAM**

### **COMPLIANCE**

1. Reduce duplications between Regional Entity and NERC staffs by clearly identifying roles.
2. Refine the annual implementation plans over time to move towards a risk-based approach in the conduct of compliance monitoring activities and enforcement.
3. Expand training of NERC and Regional Entity staff, including the establishment of training academies for auditors, enforcement staff, and investigation staff.

- NERC and regional staff will collaborate to define training needs and priorities in during the third and fourth quarters of 2010 and commence delivery of high priority training by the second quarter of 2011. The Regional Entities should assume that NERC will be responsible for the cost of these training programs, other than Regional Entity costs (e.g. travel and lodging) to participate and attend.
4. Streamline and improve the speed of compliance investigations and look for ways to establish meaningful linkages to event and disturbance analysis.
  5. Increase the number of spot checks by 10 percent over the next three years in conjunction with a risk-based approach to compliance audits.
  6. Audits, which will continue under the schedule to complete BA, TOP, and RC audits each three years and other entities each six years, will increase in depth and complexity, including an increased number of unscheduled audits.
  7. We anticipate significant rules changes to the Compliance Monitoring and Enforcement Program, including those changes and clarifications established in connection with the current revisions to the Regional Delegation Agreements, as well as changes to effectuate the Three-Year Assessment and the Crowe audit of the NERC CMEP staff. These changes may require resources to develop, but the overall impact of these changes should be to enhance efficiency in compliance operations and enforcement.
  8. NERC and Regional Entities will collaborate in the conduct of special industry communications, in addition to the regular schedule of workshops and other communications, to focus on most-violated standards and any new standards as they are adopted, including CIP standards, to identify the reasons for the violations, to enhance the Registered Entities' understanding of the requirements, and, as appropriate, propose revisions to add clarity to those requirements.
  9. NERC and Regional Entities will conduct mandatory audits of five new MOD Reliability Standards and file audit reports (or results in any format) annually.
  10. NERC and the Regional Entities will establish more timely mechanisms to capture lessons from event analysis, compliance enforcement, and other activities, in the form of recommendations to improve reliability standards to prevent future similar root causes.
  11. NERC expects to review five event-based inquiries per month in 2011 and one to two compliance investigations per month (60 and 15-20 for the year, respectively). Regional Entities expect to collectively conduct approximately 50-60 events of interest and 10-15 compliance violation investigations. All unplanned, multiple-facility trips will be considered candidates for these reviews; subject to industry input.
  12. The number of non-CIP possible violations discovered in 2010 is expected to continue at an increasing trend. The number of non-CIP related violations is

- expected to increase approximately 10% from the 1,400 to 1,500 per year. The number of CIP possible violations is expected to increase at a faster pace than non-CIP violations over the planning period.
13. Round 2 audits will be based on risk-based methodology but the change in methodology is not expected to result in a reduction in Regional Entity resource needs during the planning period.
  14. Taking all the foregoing into account NERC and the Regional Entities are expected to see increased compliance related resource demands in the 2011-2013 time frame. NERC and the Regional Entities also believe that it is likely that resources which are added to address workload demands in the compliance area will be capable of being redeployed to support other program area needs in the event of a leveling off or reduction in compliance resource needs.
  15. Expand Registered Entity training in the application of Reliability Standards in order to better prepare Registered Entities, improve compliance and reduce the number of erroneous self reports and self certifications. [2012-2013]

#### **ENFORCEMENT**

1. NERC and the Regional Entities will establish streamlined mechanisms to expedite minor, administrative violations and look to gain more discretion to handle the minor violations which pose no threat to bulk power system.
2. Resources will be required to develop and implement an enforcement process that encourages “good” self reporting, one that results from a systematic compliance “culture” to detect, report and correct problems, obtains adequate recognition in the enforcement processes.
3. Use “targeted, aggressive enforcement” for those matters posing the most risk to the bulk power system where NERC has clearly indicated a need for focus and educated the industry on compliance.
4. The current trend of alleged violations has increased and is expected to continue during the planning period. NERC will continue to evaluate and pursue options to streamline violations processing and focus on violations which pose a material risk to bulk power system reliability.

#### **REGISTRATION**

1. The number of registered entities may increase as a result of, the increase of joint registrations (from more audits of those smaller entities on the six year cycle and completing the three year cycles), the approval of regional standards and possible expansion of the BES definition. However, this may be mitigated (in part) through the application of the Multi-Region Register Entity (MRRE) process. However, ongoing refinement of registration criteria, processes, and linkages will

- continue to increase resource demands. There may also be an increase in functions for registered entities as a result of changes in standards and refinement of JRO.
2. NERC does not expect significant number of registration challenges, nor major changes to the registration criteria.
  3. Efforts in registration will focus on refining the current registries across the Regional Entities.

#### **RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS PROGRAM**

1. NERC will continue to incrementally improve the definitions, refine data reporting requirements from registered entities and review adequate level of reliability related metrics used in reliability assessments.
2. Probabilistic risk study for reliability assessments will be reviewed in 2010 and incremental data reporting may be requested in 2011 to support this effort.
3. NERC and Regional Entities will be requested to gather data or perform analysis in support of federal initiatives related to the stimulus package, critical infrastructure protection to include high impact/low frequency, climate change, environmental regulations, and/or renewable energy initiatives.
4. Demand response data system (DADS) collection will begin voluntary submittals in 2010 and be mandatory in 2011. A data collection system is being designed and will require Regional Entity involvement. At this time, the Regional Entity involvement and support is expected to be similar to the way TADS currently works.
5. NERC and the Regional Entities are expected to provide independent reviews of assessments to assure a high level of technical rigor.
6. NERC will continue to develop analysis of TADS data in 2011; some regions have developed regional analysis for use by registered entities.
7. To meet NERC's 3-year assessment commitments, NERC will continue to:
  - Vet metric development, collection, and analysis with industry stakeholders through the Reliability Metrics Working Group (RMWG). [2011-2012]
8. To meet NERC's 3-year assessment commitments, NERC may be required to add resources to:
  - Work with the RMWG to issue the first annual reliability performance report in 2010 and share metric analysis results through its quarterly updates on NERC's website, NERC News, and via Webinars. [2010-2012]
  - NERC and the Regional Entities should prioritize and budget for two special reliability assessment initiatives per year.



- Develop a centralized automated data collection, reporting and validation process, and calculation tools to support reliability metrics to support reliability risk assessment as part of the more global effort as discussed in the Information Technology section. [2011-2012]

### **TRAINING, EDUCATION, AND OPERATOR CERTIFICATION PROGRAM**

1. Education of Registered Entities and stakeholders will focus on how to best comply with standards and improve bulk power system reliability. The education priorities for the next three years are to provide:
  - a. Critical Infrastructure Protection standards information and guidance 2011
    - i. Development led by NERC staff with input from RE Staff, NERC committee structure, and subject matter experts.
    - ii. Main delivery in Regional Entity workshops and NERC webinars
  - b. Creating teachable lessons-learned from past events 2011
    - i. Development led by NERC staff with input from RE staff and NERC committee structure
    - ii. Main delivery through Regional Entity workshops and NERC webinars
  - c. Effective compliance program cultures with internal compliance program models 2011
    - i. Developed by NERC staff with Regional Entity input and outside experts
    - ii. Train-the-Trainer sessions to train Regional Entity staff to deliver consistent message
    - iii. Main delivery through Regional Entity processes
  - d. Root cause analysis (as part of compliance culture)
    - i. Developed by NERC staff with Regional Entity input
  - e. Main delivery through Regional Entity workshops which next will support with subject matter experts
  - f. Improve the quality of registered entity self-reporting and self-certification
    - i. Developed by NERC staff with Regional Entity input
    - ii. Train-the-Trainer sessions to train Regional Entity staff to deliver consistent message
    - iii. Delivery by Regional Entities and NERC via workshops, webinars, and other electronic means.
  - g. Currently Monitored Standards

- i. Development led by NERC staff with input from RE staff and NERC technical committees
  - ii. Main delivery through Regional Entity workshops and NERC webinars
  - iii. Separate workshop or webinar on each standard grouping – BAL, TOP, EOP, etc.
- h. Reliability Assessment Requirements
  - i. Development led by NERC staff with input from Regional Entity staff and NERC technical committees
  - ii. Main delivery through Regional Entity workshops and NERC webinars
- i. Entity Registration Process, Issues, and Alternatives
  - i. Developed by NERC staff with Regional Entity input
    - 1. JRO issues 2011
    - 2. Other registration issues based on revision to criteria 2012
  - ii. Train-the-Trainer sessions to train Regional Entity staff to deliver consistent message
  - iii. Delivery by Regional Entities and NERC via workshops, webinars, and other electronic means
- 2. Each Regional Entity will host a minimum of two different compliance workshops each year.
- 3. In the case of NERC, the incremental costs of hosting workshops and other educational activities where stakeholders attend in person will be recovered through attendance fees in most cases.
- 4. Rely on the use of workshops, webinars, classroom teaching, and the existing Design-a Course vendor to deliver education until implementation of the SharePoint platform enables the development and widespread delivery of electronic learning in 2012.
- 5. NERC will develop and deliver a personnel development program its staff.
- 6. No significant changes are expected in system operator certification CEH requirements through 2013.
- 7. The compliance auditor curriculum will be finalized in 2010. Education and training activities will be developed in 2011 and delivered 2011-2013 through the training academy with the assistance of subject matter experts from NERC, Regional Entity staff, and expert vendors.

**SITUATION AWARENESS AND INFRASTRUCTURE SECURITY PROGRAM**

1. NERC will separate CIP from Situation Awareness in 2010. In 2011, NERC will budget CIP separately from Situation Awareness, but will include CIP as a subsection of Situation Awareness for regulatory BP&B reporting purposes. Regional Entities should not plan to separately budget their CIP and Situation Awareness activities in 2011. During 2011, NERC and the Regional Entities will evaluate whether the Regional Entities should also separate CIP and Situation Awareness for budgeting and/or operational purposes.
2. As part of its 2011 Business Plan and Budget, NERC will propose to make a significant investment in to support the implementation of a situation awareness tool for FERC, NERC, Regional Entities and stakeholder needs. The Reliability Coordinators will be the providers of data for this effort and NERC will coordinate and fund the development of this tool..
3. North American and regional Synchro-Phasor initiatives will have varying impacts on NERC and Regional Entity budgets. WECC's 2010 BP&B will be amended to incorporate its Synchro-Phasor programs. It is anticipated that the WECC amendment will be neutral from an assessment perspective. In the near term, NERC will continue to be undertake significant activities and funding to facilitate third party development and management of North American Phasor Concentration System ("NASCON") software and regional node communication integration. Longer term, NERC anticipates a reduce need for a direct NERC funding role related to NASPI development.
4. NERC will evaluate and implement steps during the 2011-2012 to transfer some or all of its reliability tools and functions to third parties. One of the key challenges will be developing an alternative funding mechanism with the users of the tools providing direct funding for the development, operation and maintenance of the tools. Prior to implementation of these steps NERC will seek input from the Regional Entities, appropriate NERC committees and working groups and other affected parties.

**CRITICAL INFRASTRUCTURE PROTECTION**

1. CIP activities will continue to increase significantly on all fronts, including compliance and other activities; expectations are that resource requirements will double, at a minimum, by the end of the next three years as the full measure of the standards become auditable for all entities on all implementation tables, the TFE program is implemented and the increase in scope as a result of Order No. 706B. NERC and Regional Entities will evaluate current resources and will project resource needs over the next three years.
2. The resource commitment required to conduct complete CIP audits is still being ascertained because auditors have little experience monitoring compliance with

- all 43 requirements. This includes the mechanics of conducting a sufficient audit and requires visiting an appropriate number of critical assets,<sup>1</sup> as well as having the necessary expertise. (The ERO is just beginning to conduct pilot spot checks of all 43 requirements). Current audits of Table 1 entities for the 13 requirements have been more involved than planned. CIP V2/3 technical requirement audits will require:
- a. Additional experience is required to fully estimate the resource requirements to support CIP audits (The regions are conducting pilot spot checks of all 43 requirements and will develop clear audit expectations based on the experience)
  - b. Current audits of the 13 requirements have been more involved than planned (more policy than technical and the few technical issues took a long time to develop positions, manage consistency and resolve issues)
  - c. Need to plan to visit Critical Assets (sample number based on types of assets, risk, and numbers) in the conduct of an audit (Substations for TO/TOPs and Generation Plants for GO/GOPs)
3. NERC's current CIP Version 4 standards revisions will set new expectations for the selection of Critical Cyber Assets (CCAs) currently based on CIP-002's risk-based methodology that will result in a substantially expanded number of entities and assets to be monitored for CIP compliance in 2012-2013 (see Standards Assumption 2).
  4. The TFE program will continue to require significant resources as Regional Entities perform reviews and gauge compensating measures as comparable to strict compliance. The program's scope was recently increased with the addition of two new CIP requirements expanding the scope of acceptance reviews and approval evaluations. TFE approvals will result in compensating measure validation checks, quarterly reporting tracking and change management.
  5. Order No. 706B CMEP program implementation in 2011 will require NERC and the Regional Entities to identify, train<sup>2</sup> and qualify auditors in accordance with the NRC-NERC MOU to conduct compliance monitoring of GOs/GOPs with nuclear holdings. Specifically, Order 706B CMEP program implementation will include:
    - a. Regional auditor qualification program participation for interested Regional Entities and annual refresher training.

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<sup>1</sup> Need to plan to visit Critical Assets (sample number based on types of assets, risk, and numbers) in the conduct of an audit (Substations for TO/TOPs and Generation Plants for GO/GOPs) This is a substantial addition to on-site audits and will affect compliance resource needs as well.

<sup>2</sup> Training requirements include Safeguards Information handling, nuclear plant onsite procedures, and NRC coordination.

- b. Safeguards Information (SGI) training course completion for selected NERC & Regional CMEP staff
  - c. SGI background screening and sponsorship
  - d. NRC coordination training in accordance with NRC MOU obligations
  - e. NERC CMEP program development
  - f. Clarification of roles and responsibilities regarding any identified alleged violation
6. CIP compliance application guidance is expected to be provided in greater volume and with greater expedience to registered entities. The ERO will employ a new coordination approach which leverages the Regional Entity experts under well informed program leadership at NERC.
  7. NERC and the Regional Entities will develop and support an education and implementation program to successfully implement version 4 of the CIP Standards. This is expected to be part of an overall education initiative. The education program will be based on a well developed audit plan and provide technical application guidance.
  8. NERC will work with the Regional Entities to enhance enterprise corporate knowledge management related to CIP policy and technical standards issue resolutions and decisions. This applies to compliance decisions and Technical Feasibility Exceptions.
  9. NERC will strengthen CIP partnership with U.S. and Canadian Government authorities to facilitate two-way information exchanges to enhance knowledge of critical infrastructure threats and risk. NERC will promote CIP incident reporting and work with the Regional Entities to conduct security event/incident analysis and improve security practices.
  10. NERC will collaborate with governmental organizations (i.e. federal agencies, law enforcement, and national labs) to develop CIP models, evaluate threats and address priority vulnerabilities.
  11. The addition of confidential and time sensitive development processes will be necessary if the NERC Board directs development of a standard in response to a national security emergency situation that is deemed confidential and it is determined that information can only be shared on a “need to know” basis. This will require resources to develop an infrastructure to meet the obligations.
  12. CIP-002-2/3 R1.0 and R2.0 sufficiency reviews are being planned for the 2011 Compliance Monitoring activities, which will require Regional Entity system

expertise in an effort to enhance learning and prepare for the version 4 bulk power systems Cyber System identification.

13. NERC and Regional Entities need to evaluate staffing and budget needs regarding critical infrastructure protection, including high impact/low frequency issues.

#### **EVENTS ANALYSIS AND INVESTIGATIONS**

1. NERC and the Regional Entities will define clear, uniform criteria/ranking for reporting and categorizing of system events and security incidents.
2. NERC and the Regional Entities will work together to develop joint processes and resourcing for triage, analysis, and reporting of system events to the regulators and will coordinate with regulators regarding these issues.
3. NERC and the Regional Entities will provide timely publication of lessons learned and recommendations and track responses to recommendations.
4. NERC and the Regional Entities will refine the criteria and process to encourage prompt and complete self-analysis of events and disturbances to promote continuous improvement and information sharing.
5. NERC will work with the Regional Entities to develop and provide root cause analysis training for NERC and Regional Entity staffs and industry subject matter experts who participate in event analysis and investigation teams.
6. The number of events requiring review and analysis are expected to increase.

#### **INFORMATION TECHNOLOGY**

1. During 2011, NERC and the Regional Entities will begin developing a common, enterprise-wide technology platform to house ERO tools, including a compliance information system to replace the Portal/ Synch Engine/Translator/CDMS/CITS/CRATS systems, including, audit and reporting, and other tools needs to conduct the delegated functions, including the integration, where practical and cost effective, of the existing tools used by Regional and Registered Entities. NERC will retain a consultant to facilitate requirements gathering and the development of recommendations.
2. NERC will commence roll out of Microsoft SharePoint in 2010 to improve both internal and external communications and coordination. NERC and the Regional Entities using, or planning to use, SharePoint may develop a working group to exchange best practices and lessons learned, as well as exploit opportunities to use SharePoint as a platform for exchanging information between NERC, the Regional Entities and stakeholders.
3. NERC will replace its Checkbox survey and comment tool to a more useful application. No regional impact is anticipated in 2011.

4. NERC will evaluate and improve or replace its Registered Ballot Body registration tools to improve efficiency and accuracy.
5. NERC will implement enhancements to the NERC website that improve stakeholder visibility into the standards development processes and activities.
6. During 2011, NERC anticipates implementing Phase 2 development of the Situation Awareness- FERC, NERC, Regions (“SAFNR”) software application in accordance with approved specifications.

#### **FINANCE AND ADMINISTRATIVE**

1. Given the complexities and uncertainties described above, during 2011, NERC and Regional Entities will explore the development of an ERO-wide risk assessment and management framework, incorporating individual risk assessments by each Regional Entity and NERC.
2. NERC will work with the Regional Entities, committees and stakeholders to maximize the cost effective use of conferencing facilities for hosting ERO meetings and conferences.
3. NERC and the Regional Entities will work together to evaluate and implement, where practical, joint purchasing activities and cost control measures to reduce costs of materials and supplies, as well as explore whether they are opportunities to use our combined purchasing power to lower health care, insurance, communications, travel, hotel, meeting and conference and other common operating expenses.
4. In its 2011 budget, NERC will re-establish a cash reserve. During the planning period, NERC and the Regional Entities will continue to review reserves and lines of credit to assure adequate funding resources, including the ability to request supplemental funding, for extended, major investigations and contested proceedings. NERC and the Regional Entities should plan to have short-term and intermediate term internal means to handle funding of hearings including training for hearing bodies, available hearing officers and related administration to permit effective due process for the Registered Entity. NERC and interested Regional Entities may explore the option of creating a joint contingency reserve pool to provide short term funding for major cases, including true up mechanisms to ensure that the entity involved in the hearing reimburses the reserve pool for any advances over and above that entity’s contributions.