2014 Implementation Plan Webinar

November 21, 2013

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What is the CMEP?

- The Electric Reliability Organization (ERO) Compliance Monitoring and Enforcement Program (CMEP) Implementation Plan (Implementation Plan) is the annual operating plan carried out by Compliance Enforcement Authorities (CEAs) while performing their responsibilities and duties in implementing the CMEP.
Transition from 2013 to 2014

- Single, consolidated CMEP Implementation Plan with Regional Implementation Plan appendices
- Emphasis on Regional Reliability Risk Assessment and audit scoping
- 2014 CMEP Implementation Plan does not capture future Reliability Assurance Initiative (RAI) projects that will ultimately affect CMEP activities
- There may be updates during the year
  - NERC will send notices
  - Publication date is noted on NERC’s Resources page
Reliability Assurance Initiative (RAI)

- RAI seeks to enhance BPS reliability by focusing attention and resources on reliability risks
  1. Considering the proper risk in monitoring practices (self reports, etc.) and audit scoping
  2. Considering internal controls
  3. Greater enforcement discretion
  4. Strengthening feedback/communication between compliance monitoring staff and standards development
2014 Key Initiatives, including RAI

• Pilots and prototypes to develop tools, templates, and procedures to support risk-based audits. Including:
  – Common Auditor Handbook & auditor qualifications
  – Streamlined Find, Fix, Track (FFT) process
  – Pilot programs for Self-Reporting
  – Improve and update Reliability Standard Audit Worksheets (RSAWs)

• Pilots will provide lessons learned
• CIP version transition
• Removal of exception reporting
ERO RELIABILITY ASSESSMENT

ERO Reliability Assessment
Regional Reliability Assessment
Registered Entity Assessment/Audit Scope
2014 NERC Actively Monitored List (AML)

• Provides single list of standards/requirements
• Starting point/baseline for monitoring
• Adds consistency across regions
• Eliminates tiers
• The only monitoring method for PSE function will be through Self-Certification
AML Criteria: Compliance Audits

- Requirements were selected for active monitoring if they address high-impact/low frequency or other risks, as identified through:
  - Compliance oversight activities
    - Highly violated requirements from self reporting, audits, etc.
  - Enforcement
    - Standards frequently violated with serious potential/actual consequences
  - RAPA
    - GADS, TADS, Misoperations, State of Reliability Report
  - Regional Entities
  - Reliability Issues Steering Committee as high priority
  - Reliability Risk Management Group

- New/revised standards with requirements identified as high VRFs may be included in AML
AML Criteria for 2014 Self-Certification

• Includes 2013 Tier 1 AML requirements that are not on 2014 AML audit scope
• Standards/Requirements identified as high risk that have a history of violations
• New Standards/Requirements with medium risk factors
• Non-systemic risk items from compliance oversight activities or as identified by:
  – Enforcement
  – Reliability Issues Steering Committee
  – Reliability Risk Management group
• New/revised standards with requirements identified as high VRFs may be included
• NERC and RE management discretion
REGIONAL ENTITY ASSESSMENT

- ERO Reliability Assessment
- Regional Reliability Assessment
- Registered Entity Assessment/Audit Scope
Regional Entity Implementation Plans

• REs used a standard template to develop their appendix of the ERO Implementation Plan

• REs tailored their Implementation Plans by describing their Region’s:
  – Reliability Risk Assessment process
  – Assessment of standards subject to regional monitoring (2014 SPP RE Audit Scope Plan)
  – Process for scoping audits for specific Registered Entities
Regional Risk Assessment Criteria, per NERC

1. Functional registered responsibilities
2. System geography, population, and seasonal/ambient conditions
3. Peak Load and capacity
4. BPS exposure (transmission, generation, and operating limitations)
5. Interconnection points and critical paths
6. Special Protection Systems, Undervoltage load shedding, and Underfrequency load shedding
7. SCADA and EMS systems
8. Situational Awareness and System Maintenance
9. System restoration responsibilities and blackstart resources
10. System events and trends
11. Compliance history trends
Regional Entity Scoping - 693

• Standards/Requirements in scope (applicable to your registered function)
  – 2014 AML (applicable to your organization)
  – EOP-005-2 / R6, R9, R10 and R16
  – EOP-008-1 / R1, R4, R5, R6 and R7
  – FAC-008-3 / R2, R3 and R6
  – PRC-004-2a / R1 and R2
  – PRC-005-1b / R1
  – PRC-008-0 / R1 and R2
  – PRC-017-0 / R1 and R2
  – VAR-002-2b / R2

• Scope will be adjusted based on entity assessment
Regional Entity Scoping - CIP

• 2014 AML (applicable to your organization)
• SPP RE Audit Scope:
  – CIP-002-3 / R1
  – CIP-003-3 / R5, R6
  – CIP-004-3a / R4
• Approved and Terminated TFEs
• Excludes requirements subject to Paragraph 81:
  – CIP-003-3 / R1.2, R3, R3.1, R3.2, R3.3, R4.2
  – CIP-005-3a / R2.6
  – CIP-007-3 / R7.3
• Scope will be adjusted based on entity assessment
REGISTERED ENTITY ASSESSMENT & AUDIT SCOPE
Registered Entity Scoping

• SPP RE will determine Registered Entity’s scope based on:
  – AML
  – SPP RE Audit Scope Plan
  – SPP RE staff judgment
  – SPP RE’s Registered Entity Assessment
Registered Entity Assessment

• SPP RE will assess the Registered Entities by:
  • Compliance history – Previous monitoring results, areas of concern, recommendations and compliance violations
  • Technical assessment – Entity’s load, transmission system, generation, Special Protection System and TFEs
  • Reliability assessment – List of events such as Energy Emergency Alerts, Load Shedding, misoperations, EMS events and vegetation contacts
  • Reporting requirements – Self-Certification, Data Submittal and mitigation plans
  • Mitigation plans – Milestones are reached
SPP RE 2014 CMEP Implementation Plan

• 2014 will be the 7th year of the mandatory CMEP
• Some entities have yet to be audited
  – Less than 5% have not been audited for 693 (registered after June 18th, 2007)
  – 50% have not been audited for CIP
Key Points for 2014

• Entities will not be expected to provide evidence outside of current audit period unless it is required to confirm compliance in accordance with entity’s processes/procedures

• Audit scope will continue to include a review of all mitigation plans open during audit period

• Electronic signatures are now permitted
Audit Scope Expansion

- Audit team may increase scope during audit activities based on:
  - Audit team’s professional judgment
  - Discovery of non-compliance during the review of evidence
- Will notify entity of increased scope as soon as possible
Registered Entities are responsible for compliance with all regulatory approved Reliability Standards and Requirements in effect per their registered function at all times, regardless of what a Registered Entity’s risk profile may indicate.
2014 AUDIT DATES
<table>
<thead>
<tr>
<th>NCR Number</th>
<th>Entity Name</th>
<th>Start Date of Audit</th>
<th>End Date of Audit</th>
<th>Method</th>
<th>Ops &amp; Planning</th>
<th>CIP</th>
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<td>NCR11234</td>
<td>Rocky Ridge Wind Project, LLC</td>
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<td>5/20/2014</td>
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<tr>
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<td>NCR06048</td>
<td>Lubbock Power And Light</td>
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<td>6/13/2014</td>
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<td>NCR01082</td>
<td>City Water &amp; Light - Jonesboro, Arkansas</td>
<td>7/7/2014</td>
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<td>NCR00769</td>
<td>Edison Mission Marketing &amp; Trading, Inc.</td>
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</table>
Reporting Periods

• [SPP.org](#)>Regional Entity >Compliance & Enforcement> 2014 Compliance Program folder

• Schedule includes:
  – CIP annual and 693 quarterly/annual Self Certification
  – Periodic Data Submittal
Conclusion

• 2014 SPP RE Implementation Plan is Appendix 1F of NERC’s 2014 ERO CMEP Implementation Plan
  – NERC.com Compliance Resources page (sort by date and look for 2014 ERO CMEP IP Rev 1)

• Entities scheduled for 2014 audits have been notified

• Program continues to evolve and improve its focus on highest reliability risks
Reference Documents

• **NERC.com Compliance Resources page**
  – 2014 AML
  – 2014 ERO Implementation Plan, including SPP RE Appendix 1F
  – CIP Transition Guidance

• **SPP.org Compliance and Enforcement page**
  – 2014 Reporting Requirements
  – 2014 Audit Schedule
  – 2014 Audit Scope Plan
Coming Attractions

• **RE Spring Workshop**, Dallas, TX
  - Feb. 25-26, 2014

• **CIP Workshop**, Little Rock, AR
  - June 3-4, 2014

• **RE Fall Workshop**, Oklahoma City, OK
  - Sept. 30 – Oct. 1, 2014
"CMEP Basics" Training Videos

Audits: 10 Ways Prepare  
CIP Audit: What to Expect  
CIP-003 R5: Access Control  
CIP-005: ESP  
CIP-005 R2: Electronic Access Controls  
CIP-005-3 R3  
CIP-006: Physical Security  
CIP-007 Compliance  
CIP-007 R1: System Configuration  
CIP-007 R3 and R4

CIP Violation Analysis  
Compliance Education at My Company  
EFT Server  
Event Analysis-Entity Perspective  
Evidence Submission  
Firewalls: 13 Ways to Break Through  
Hashing - How To  
Human Performance - Entity Perspective  
Human Performance –NERC  
Internal Compliance Programs  
Internal Compliance Programs Q&A

Internal Controls  
Mitigation Plans: Comprehensive  
Mitigation Plans and Milestones  
Mock 693 Audit  
NetAPT Demo  
Self-Reporting  
Standards: How to Read and Understand TFEs  
Training Employees on Compliance
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Self-Certification Review

November 21, 2013

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Outline

• General discussion on Self-Certification
• Self-Certification selection options
• Non Compliant Options with new enhancements
• Summary
Self-Certifications- General

• Purpose-Entity Self-Certifies and attests compliance with selected Standards/Requirements

• Entities should apply thorough review and self-assessment before determining status

• Conducted on an Annual basis for Standards/Requirements listed in NERC Actively Monitored List

• Additionally conducted on a quarterly basis for selected Ops and Planning Requirements

• For PSE’s, annual self certification for IRO-001-1.1 R8 in lieu of conducting Audits or Spot Checks
Self-Certifications- General

• Annual Self Cert reporting period revised to open 1/2/14 and closes 2/28/14 for the compliance period of 1/1/13 to 12/31/13
  – Revised due to OATI enhancements
  – Applicable only to registered functions in 2013 Reporting Schedule

• Requires Corporate Signature Page signed by senior management and uploaded into webCDMS by close of reporting period
Self-Certification Selection Options

• For each identified standard, entity attests:
  – Compliant
  – Do Not Own
  – Not Applicable
  – Not Compliant
When to select “Compliant”

• Met standard requirements and have evidence to demonstrate compliance

• Fully compliant during entire reporting period

• Completed OEA mitigation before reporting period starts

• “Event-driven” requirement did not occur; entity is fully compliant for reporting period

• NOTE: Do not select Compliant if requirement does not apply to you. “Compliant” indicates you have evidence of compliance.
  
  – For example PRC-017 or PRC-023 if Not Applicable or Do Not Own do not select “Compliant”
When to select “Do Not Own”

- Requirement does not apply because you do not own applicable facilities
- Comments are required
- Examples:
  - PRC-001 R6 and PRC-017-Special Protection Systems
  - NUC-001- Nuclear Facilities or Transmission Entity that is a party to a Nuclear Plant Interface Requirement (NPIR)
  - FAC-003-Vegetation Management-200Kv and above
  - PRC-011 - UVLS
  - PRC-008 - UFLS
When to select “Not Applicable”

• Requirement does not apply for reason other than facility ownership

• Comments are required

• *Example:* EOP-002 R9-LSE in Energy Emergency Alert-TSP raise priority from non-firm Network to firm Network service
  
  – Not permitted in SPP Tariff

  – *Example:* (CIP requirements) If you do not own Critical Assets, only CIP-002-3 R1, R2, R3, R4 and CIP-003 R2 are applicable to you. Select Not Applicable for the other CIP requirements.

• Do NOT select NA if applicable to your function
When to select “Not Compliant”

• Not fully compliant during entire reporting period
  – Violation occurred during reporting period that has not been reported yet-New Violation, or
  – Have Open Enforcement Action (OEA) and did not complete mitigation before start of reporting period

• Comments are required for any indication of Not Compliant
Not Compliant – New Violation

---

**Corporate Signature Page Has Been Uploaded:**

*Note*

Be sure to upload a Corporate Signature as an Entity Document prior to submitting this form. (Note: If you need an electronic corporate signature, use the following link to download a Corporate Signature from the Regional Entity.)

Download a Regional Document

**Reason For Change:** Please select one...

---

<table>
<thead>
<tr>
<th>Action</th>
<th>Req</th>
<th>Description</th>
<th>Compliant Status</th>
<th>*Entity Comment on Requirement Compliance</th>
<th>Additional Info</th>
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</thead>
<tbody>
<tr>
<td>Edit</td>
<td>CIP-001-2a R1</td>
<td>Each Reliability Coordinator, Balancing Authority, Transmission Operator, and Load Serving Entity shall have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities and multisite sabotage affecting larger portions of the Interconnection.</td>
<td>○ Compliant</td>
<td>Do not have procedures for sabotage</td>
<td>None</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>○ Not Compliant</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>○ Do Not Own</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>○ Not Applicable</td>
<td></td>
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</tr>
</tbody>
</table>

*Has this violation previously been reported or discovered?*

○ Yes  Edit OEA

○ No   Edit Detail
Not Compliant – New Violation

Southwest Power Pool RE (SPPRE)

Self-Certification Detail
- Program Year: 2013
  - Title: OEA test setup
  - Start Date: 11/15/2013
  - Due Date: 12/15/2013
  - Status: Open
- Regional Comment:
  - Standard: CIP-001-2a
  - Requirement: R1
- Entity: New Creation Test Entity (NCTE)
- NERC ID: NCR11363
- Entity Status: Open
- Entity Due Date: 12/15/2013

Joint Registration Organization (JRO) ID: [ ]
Coordinated Functional Registration (CFR) ID: [ ]

*Contact Name: [ ]
*Contact Phone: ( ) - [ ]
*Contact Email: [ ]

Entity Information

Violation
Mitigating Activities
Impact and Risk Assessment
Everything

Save  Audit Trail  Close
Not Compliant – New Violation
Not Compliant – New Violation

**Self-Certification Detail**

- **Program Year:** 2013
- **Title:** DCA test setup
- **Start Date:** 11/15/2013
- **Due Date:** 12/15/2013
- **Status:** Open
- **Regional Comment:**
  - **Standard:** CIP-001-2a
  - **Requirement:** R1

- **Entity:** New Creation Test Entity (NCTE)
- **NERC ID:** NCR111363
- **Entity Status:** Work In Progress
- **Entity Due Date:** 12/15/2013

**Mitigating Activities**

- Impact and Risk Assessment
- Everything

**Description of Mitigating Activities and Preventative Measure:**

**Date Mitigating Activities Completed (if applicable):** [ ]
<table>
<thead>
<tr>
<th>Entity Information</th>
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</thead>
<tbody>
<tr>
<td>Violation</td>
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<tr>
<td>Mitigating Activities</td>
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<tr>
<td>Impact and Risk Assessment</td>
<td></td>
</tr>
<tr>
<td>Everything</td>
<td></td>
</tr>
</tbody>
</table>

**Potential Impact to BPS:** Please select...

**Actual Impact to BPS:** Please select one...

**Description of Potential and Actual Impact to BPS:**

**Risk Assessment of Impact to BPS:**

**Additional Entity Comments:**
Not Compliant – Open Enforcement Action

- If you have OEA and did not complete mitigation before start of reporting period

- Select “Yes” on “Has this violation previously been reported or discovered” in CDMS
  - Add NERC violation number in comment field
  - Indicate if violation scope was expanded
    - Will open webCDMS data fields for completion
  - Indicate if violation was reported to other REs

- Submittal of OEA will not generate a new violation and Mitigation Plan in webCDMS since violation has already been reported
  - SPP RE may create a violation on review when appropriate if scope expanded
Not Compliant Open Enforcement Action

Select “Not Compliant”

Put NERC violation number in comment field

Select “Yes” and “Edit OEA” to display OEA Form
Completing OEA Form

“Select” OEA with associated NERC ID

“Yes” if scope has expanded

Select earliest date you reported to another region

With “yes”, other fields will display for completion. With “no”, additional fields will be greyed out
OEA Summary

- Available under Compliance tab
- Provides summary of all Requirements indicated as “OEA”
Keep in mind...

- Save, Save, Save. Once submitted, Self-Certification and OEA Form will be locked
- Entities should apply thorough review and self-assessment before determining status
- Honest, robust self-assessment is fundamental to a strong internal compliance program
- SPP RE will review your Self-Certification responses/history as a routine part of all future compliance activities
Summary

• Meet the compliance submittal deadlines
• Submit the correct attestation form
• Review each requirement carefully to determine applicability to your registered function and appropriate compliant response
• Consider mitigation completion date of OEA in your “Compliant” or “Not Compliant” response
• Call us if you have questions
Jeff Rooker
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