August News Bulletin

Join Us for Fall Workshop, Oct. 4-5 in Little Rock

As you look ahead to autumn we hope you will make room in your schedule for our Fall Workshop. The agenda includes presentations from FERC Commissioner John Norris and NERC Manager of Organization, Registration, and Certification Jim Hughes. In addition to a mini mock audit there will be sessions on webCDMS, the 2012 Annual Implementation Plan, PRC-005, CIP-005 & CIP-006, Event Analysis, Enforcement and Standards Development updates, and more. Register now!

The SPP RE workshop will be followed by the Oct. 6 2011 Quarterly Compliance Forum for members and registered entities, a separate event sponsored by the SPP Regional Transmission Organization.

New Initiative Will Bring Enforcement Discretion

A new enforcement process, which will begin with an initial filing at FERC in September, refocuses efforts on reliability excellence, eliminates undue regulatory burdens, streamlines paperwork requirements, increases caseload processing, and encourages continued timely and thorough self-reporting and mitigation.

The new process differentiates issues of noncompliance based on potential risk levels. Issues that pose a more serious risk will be filed monthly at FERC in a further streamlined spreadsheet Notice of Penalty format. Matters that pose a low reliability risk will be processed on a “find, fix, track and report” spreadsheet submitted monthly to FERC.

“SPP RE strongly supports this effort to improve our compliance enforcement processes. I believe a significant number of violations in our region to-date could be appropriately resolved with mitigation without pursuing the violation through enforcement,” said SPP RE General Manager Stacy Dochoda. “Our goal is to bring substantive and recognizable improvements to BES reliability through mitigation, not to simply focus on the number of violations.”

The new process changes how potential non-compliance issues are handled, not the fact that they occur. In all cases, REs will track and report identified issues of concern.
Register for Upcoming Webinars

We want to keep you informed about current and emerging compliance issues and provide frequent educational opportunities. Join SPP RE and NERC experts for real-time instruction and Q&A in these upcoming webinars:

**Overview of the Event Analysis Process** Hosted by SPP RE on Aug. 25 at 10:00 AM Central, this webinar describes the Events Analysis process - an "industry helping industry" approach to understanding grid disturbances and producing lessons learned to help prevent future occurrences.

**Registration & Certification** Hosted by NERC on Aug. 18 at 11 AM Eastern, this webinar will provide information on registration options such as Coordinated Functional Registration or Joint Registration Organization.

**Critical Cyber Asset Identification: An Overview of a Process** Hosted by NERC on Sept. 1 at 11 AM Eastern.

On July 25 NERC hosted a pilot **State of Standards** webinar that gave a high-level overview of numerous important topics. 850 people registered; if you missed it you can stream it or view slides.

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**News in Brief**

**Business Plan and Budget Approved; NEL Allocations Posted**

The SPP RE Trustees recently approved the SPP RE 2012 Business Plan and Budget; the NERC Board is now reviewing the NERC and regions’ budgets. NERC has posted the 2012 NERC and RE assessments of registered entities’ Net Energy for Load, which will be filed with FERC on Aug. 24.

**Get Weekly Updates on Standards Under Development**

The SPP Regional Transmission Organization Compliance Department, a separate group from the SPP RE, issues a weekly bulletin about standards under development. To subscribe, visit our email list page and select SPP Compliance Contacts. You may also read back issues.

**Reminder: Please Submit Report to SPP RE 30 Days Prior to TFE Expiration**

Just a friendly reminder about Section 6.9 of Appendix 4D to the NERC rules of Procedure which states, "At least thirty (30) calendar days prior to the Expiration Date, the Responsible Entity shall submit a report to the Regional Entity, signed and dated by the Senior Manager or Delegate, demonstrating that the Responsible Entity has achieved, or will be able to achieve by the Expiration Date, Strict Compliance with the Applicable Requirement." Please contact Kevin Perry with questions.
2012-2014 Reliability Standards Development Plan Update

In June, NERC requested candidate projects for the 2012-2014 Reliability Standards Development Plan and Prioritization. The Standards Committee (SC) is now prioritizing projects to determine how to best allocate its resources over the next three years. This year, the SC is using an updated tool to aid in prioritization. It considers projects in three key areas:

**Reliability Benefit**: Projects that address a reliability gap or provide other reliability benefits; will consider the Electric Reliability Organization's (ERO) top priority issues.

**Time Sensitivity**: Projects with regulatory deadlines or other commitments, including the "five-year review of standards" required by the Rules of Procedure.

**Practicality Benefits**: Projects with low reliability value but significant practical benefit, such as one that reduces the burden of documenting compliance.

The updated tool will allow the SC to consider the three areas independently. The SC is also testing a simple metric that will help ensure cost considerations are evaluated.

The SC will begin an initial prioritization of projects in August. As prioritization proceeds, stakeholders are encouraged to provide suggestions and opinions regarding priorities to their SC representative. The initial prioritization is expected to be posted in September.

Compliance Operations Risk-Based Approach - 2012 Implementation Plan

The 2012 CMEP Implementation Plan and the Actively Monitored Reliability Standards List support the ERO's goal to develop a risk based approach to compliance monitoring. REs will use the plan as the basis for their individual 2012 CMEP Implementation Plans. One of the most significant changes for 2012 is use of a three-tiered approach to auditing high risk Reliability Standards:

**Tier 1 Requirements** – Most critical to Standard's purpose, address ERO high-risk priorities, and represent minimum audit scope.

**Tier 2 Requirements** – Critical to Standard's purpose, but less so than Tier 1. Support ERO high-risk priorities but to a lower degree than Tier 1.

**Tier 3 Requirements** – Support Standard's purpose and address ERO high-risk priorities to a lesser extent than Tier 1 and Tier 2.

RE audit teams can expand a compliance audit's scope to include Tier 2 and Tier 3 Requirements and any others deemed necessary to assure reliability. NERC is working with the REs to develop an entity assessment template with a goal of posting in early November.

Compliance Application Notice Update

The following CANs were posted as final in July:

- **CAN-0012** Completion of Periodic Activity by Effective Date
- **CAN-0015** Unavailability of NERC Software Tools
- **CAN-0028** TOP-006 R1.2 Reporting Responsibilities

**CAN-0018** FAC-008 R1.2.1 Terminal Equipment was posted as final on June 17, 2011. NERC received many requests to modify it for technical reasons and anticipates posting a
Save the Date: Three Upcoming NERC Workshops

Standards and Compliance Workshop: October 26-28 in Atlanta

GridEx 2011: Nov. 15-17. Modeled after the Department of Homeland Security’s Cyber Storm exercise series, GridEx will allow participants to respond to scenarios as they would in a real-time incident.

NERC Compliance Workshop: December 6 in Atlanta

Comment Period Open for Proposed Changes to NERC Rules of Procedure

NERC is proposing changes to its Rules of Procedure and associated Appendices 4B and 4C. The recommended revisions reflect clarifications and enhancements to the Rules based on experience gained by NERC and the REs. Comments are due August 15 and must be submitted electronically. NERC plans to submit changes to the NERC Board of Trustees for approval in November.

Standard Drafting Team Vacancies

Joining a NERC Standards Drafting Team is a great way to make your voice heard in the development of future standards. Any industry stakeholder meeting the qualifications for a vacant appointment may submit a self-nomination form to sarcomm@nerc.com. Vacancies and instructions are on NERC’s Drafting Team Vacancies page.

This news bulletin was sent to:
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Markets and Operations Policy Committee exploder
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SPP RE is an independent and functionally separate division of SPP, Inc. that promotes and works to improve bulk power system (BPS) reliability. SPP RE oversees the development of regional reliability standards; monitors and enforces registered entities’ compliance with reliability standards; assesses and evaluates BPS reliability; and provides technical expertise and assistance to BPS owners, operators, and users - in particular to registered entities.
located within SPP RE's eight-state footprint that includes all or parts of Arkansas, Kansas, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, and Texas.