Southwest Power Pool
Regional Entity

CIP-002 SPOT CHECK RESULTS AND WHITEPAPER

January 25, 2010

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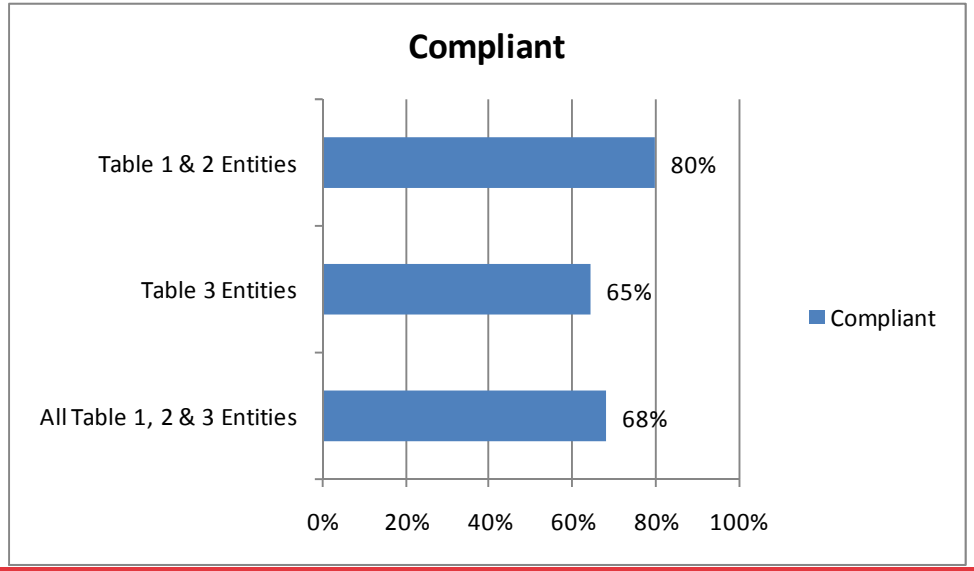
SPP RE Assessment of CIP-002-1 R1 Critical Asset Identification Method

- **2009 spot check of CIP-002-1 R1 for Table 1,2 and 3 entities – 82 entities**
- **Table 1&2 were 80% compliant**



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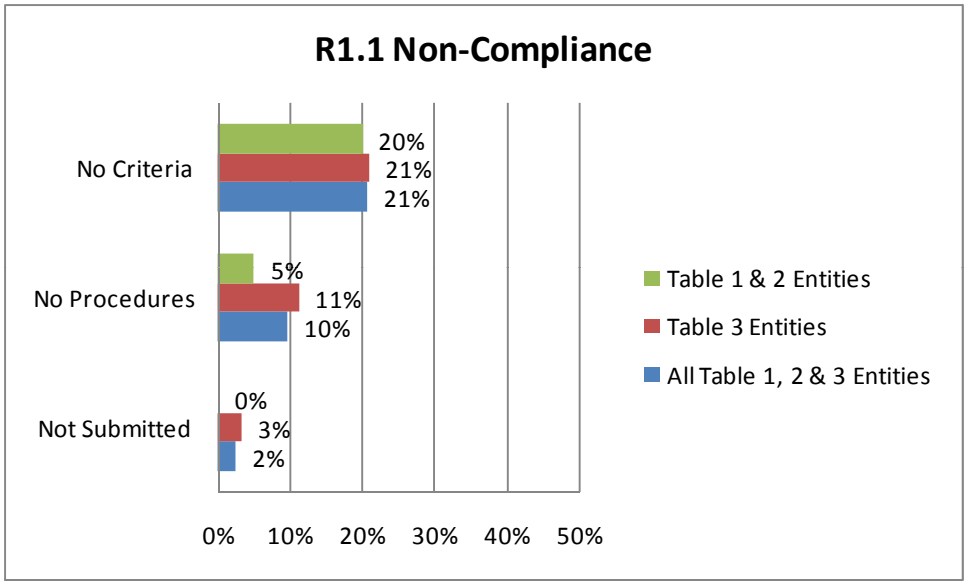

- **1 in 10 risk based assessment methodologies did not include procedures for performing annually required Critical Asset Identification**
- **2 in 10 did not include criteria for identifying Critical Assets or the documented criteria was insufficient to determine how asset was identified to be critical**

SPP RE Assessment of CIP-002-1 R1 Critical Asset Identification Method

- **R1.2 requires the risk based assessment methodology consider 7 specific types of assets**
- **Alleged violations resulted from:**
  - **No reference to <u>any</u> of the 7 required elements;**
  - **Reference to some but not <u>all</u> of the required elements (typically those not owned);**
  - **Restatement of CIP-002-1 requirements, no showing of actual elements considered**
  - **Reference to 7 elements in worksheets but not in methodology (no cross-referencing)**

SPP RE Assessment of CIP-002-1 R1 Critical Asset Identification Method

Suggested Improvements:

- **Consider the impact of <u>misuse</u> of the asset**
- **Generation owner/operator-only entities should seek engineering analysis support from their Balancing Authority or SPP RC**
- **After identification of Critical Assets, seek concurring opinion from Balancing Authority, Transmission Operator, neighboring utilities and SPP RC.**

Drivers for Violations

- **Increased Program Duration – Entities being audited/monitored now are monitored for compliance over a longer time period. There's more chance that an entity might have fallen out of compliance over a longer time period.**
- **Numerous Zero Tolerance Standards - Under the mandatory, enforceable program, the Regional Entity must find an entity either compliant or non-compliant with requirements. There's currently no ability to allow field correction even for minor issues without a violation.**
- **Largest entities audited on 3-year cycle which is only ¾ complete; smaller entities audited on 6-year cycle which is only ½ complete. Note: Smaller entities are ~ 90% of registered entities.**
- **A number of violations are driven by events [increasing activity].**
- **Regional Entities, NERC and FERC have added staff and experience to the program resulting in more review and oversight, and rising expectations.**
- **CIP violations comprised 27% of total SPP RE violations [CIP-002 to CIP-009]**

Recommendations

- **Consider FERC and NERC commentary/orders on standards to ensure compliance (recently added to RSAWs)**
- **Review posted enforcement actions approved by FERC [as of 1-15-10, there are no CIP-002 to CIP-009 violations posted]**
- **Ensure due diligence regarding compliance level for purchased/merged facilities**
- **Implement changed or newly approved standards in a timely manner**
- **If relying on other documents such as SPP Criteria, Interconnection Agreements, etc., for compliance, ensure the documents meet the current enforceable standard requirements**
- **If relying on SPP RTO or SPP Working Group activities for compliance, ensure the activities performed meet all the requirements and ensure documentation of agreement to perform as well as documentation of performance exists**

Critical Infrastructure Protection Items

- **On-site Spot Checks began in July 2009**
  - **7 conducted in 2009**
  - **13 scheduled for 2010**
- **Technical Feasibility Exceptions (TFE) Safe Harbor provisions expire 1-31-10**
- **Most Transmission Owners, Generator Owners/Operators, and Load Serving Entities reached the compliant [enforceable] state for all requirements on December 31, 2009**
- **Version 2 of the CIP Standards have been approved by FERC with an effective date of April 1, 2010**
- **Critical Asset Identification feature of CIP V2 accelerated to allow entities to expand asset identification**

2010 Workshop Activity

Compliance Workshops

April 20 -21 Kansas City, Missouri

Fall 2010 Little Rock, Arkansas

Critical Infrastructure Protection Workshop

May 2010 Dallas, Texas

QUESTIONS

SPP Southwest Power Pool Regional Entity

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