Southwest Power Pool Regional Entity
16101 La Grande, Ste 103
Little Rock, AR 72233

*** Draft ***

# SPP RE Board of Trustees' Policy Input to the NERC Board of Trustees July 2011

## Compliance Enforcement Improvement Initiatives

SPP RE strongly encourages NERC to continue its efforts to implement compliance enforcement improvement initiatives. Resources at the registered entities, regional entities and NERC should be free to focus on the highest priority reliability issues. Limited reliability resources should not be squandered on a legalistic enforcement process for trivial issues. Emphasis should be shifted to mitigation and away from processing thousands of low dollar penalty violations. Significant deference should be afforded to the FERC approved risk factors by the REs, NERC and FERC so that low risk factor requirements automatically receive less formal processing without re-justification of the low risk. Enforcement processing and penalties should be reserved for cases where required to effect mitigation or to provide a deterrent.

For more information on SPP RE's experience with the current state of violations please see the attached letter from SPP RE General Manager, Stacy Dochoda, to NERC President and CEO, Gerry Cauley.

## MRC BES/ALR Policy Issues Task Force Report to the Board

The SPP RE Trustees are not aware of the reasons being put forth to support increasing the BES threshold criteria from 20 MVA to 75 MVA. In the absence of a compelling reason for changing the criteria the SPP RE supports the current BES threshold criteria of 20 MVA for generators and opposes increasing the threshold to 75 MVA. There are several categories of smaller units which are significant for reliability including black-start units, reliability must run units and aggregations of small units such as wind farms.

## Compliance Application Notices in the Context of Standards and Interpretations Development

The SPP RE Trustees express their support for the NERC Compliance Application Notice (CAN) process. CANs have two significant purposes. First, they provide transparency to industry on how an ERO compliance enforcement authority will monitor compliance with a NERC Reliability Standard; and they establish consistency in the application of compliance criteria across all compliance enforcement authorities.

Regional Entity (RE) auditors are required to monitor reliability standards. However, standards are not always clear. Auditors have to do the best they can with the standards as written. At the beginning of the program, each RE conducted audits without knowing much about other RE's practices. The need for consistency among REs became quickly apparent.

RE auditors and NERC began working together to share how they were monitoring the standards. Several non-public guidance documents were issued by NERC with directions to the REs for addressing monitoring issues. Several REs including SPP RE advocated for the guidance documents to be made public. Eventually, these efforts led to the development of CANs.

Without CANs, the industry would lack understanding of auditors' compliance expectations. Auditors cannot ignore approved standards and have to make calls in the field. No one in the REs wants to interpret standards or override that process; we also have no ability to call a moratorium on monitoring standards that aren't clear. Given the choices we have today between transparency with the CANs and no transparency without, the SPP RE supports the NERC CAN process.