SPP RE 2012 Year-End Report

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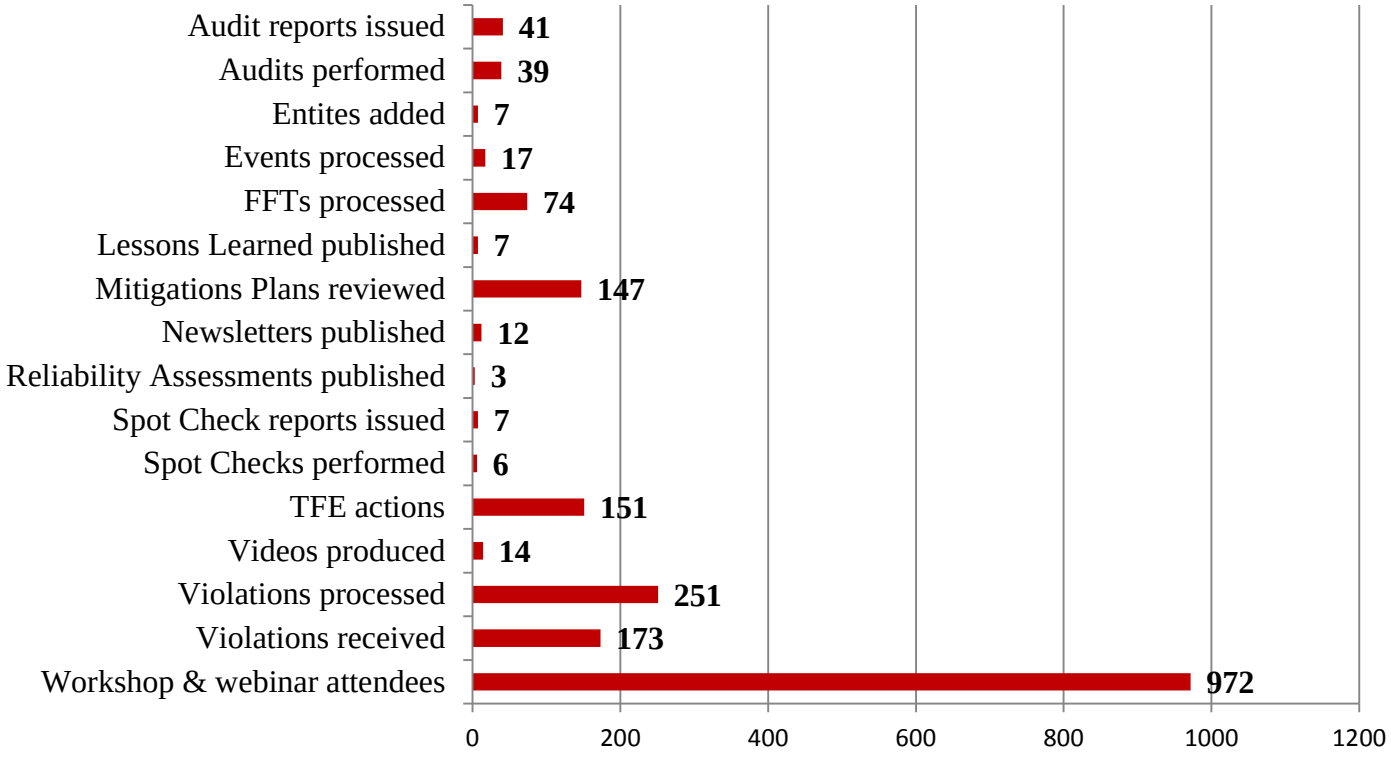
Executive Summary

In 2012, the SPP RE staff achieved a high level of success when measured by our goals and metrics. Major 2012 accomplishments include the timely publication of all Regional Reliability Assessments; NERC's approval of SPP RE's first Regional Reliability Standard; ramp-up of the Find, Fix & Track process, which allowed us to continue maintaining a caseload index of under 12 months; initiation of a training video series; improved audit processes; and a significant reduction of reported relay misoperations, which led to a major reduction in reportable events across our footprint. Another accomplishment was the relocation of all SPP, Inc. staff into one location, which has and will continue to leverage the work of both SPP RE and RTO staffs in outreach efforts.

Numbers at a Glance



The percentage of violations self-identified by Registered Entities was 54% in 2012; we are encouraged by these Registered Entities' commitment and willingness to self-report and implement mitigation to become compliant.

At the end of 2012 we had 27 staff members; we filled a Lead Compliance Engineer position who started in January 2013, and Ron Ciesiel was promoted from Compliance Executive Director to General Manager.

2013 goals include: validating 75% of closed violations in webCDMS; participating in auditor certification process as determined by NERC; developing tools to assess entity internal controls; developing specific performance metrics; and implementing suggested improvements to CMEP processes based on inter-regional review and NERC's new Reliability Assessment Initiative.

Compliance Monitoring

Performed 39 audits; Issued 41 audit reports

SPP RE led 12 on-site audits, including one multi-regional audit, participated with another Regional Entity in one on-site audit, and led 26 off-site audits. In 2012, the average time to issue 14 onsite audit reports was 70 days, compared to our goal of 75 days. The average time to issue 27 offsite audit reports was 42 days, compared to our goal of 60 days.

Performed six Spot Checks; Issued seven Spot Check reports

In 2012, SPP RE conducted five Spot Checks on IRO-005-3a for PSE-only entities. We initiated one Spot Check in response to a self-report review on PRC-005, to be completed in 2013. We issued seven Spot Check reports within an average of 38 days from the evidence submission deadline, compared to our target of 90 days.

Improved Audit Processes

The 693 and CIP audit teams implemented several process and performance improvements in 2012. The 693 team continued to enhance their pre-audit evidence review. The pre-audit review enables the audit team to perform its work more efficiently and effectively once the official audit period begins, and allows them to make assessments on some standards without further action during the audit. Based on the results of the pre-audit review, the audit team leaders were able to adjust the size of the team that traveled to the Registered Entity's site. This process is more efficient for the Registered Entity and its subject matter experts, as well as controlling SPP RE's costs.

The CIP audit team greatly expanded its pre-audit evidence review for both on-site and off-site audits. The expanded activities include collection and review of randomly sampled evidence as part of the pre-audit review and a pre-audit review of follow-up evidence requests stemming from the first evidence review. Due to the relative immaturity of the CIP standards and the fact that we are still in the first round of CIP compliance audits, the audit team has not been able to take advantage of the pre-audit reviews to eliminate requirements from the on-site phase. However, the team has generally been able to set an audit agenda that allows for a reduced audit team size for the second week dedicated to field visits.

We enhanced training for our audit staff through several mechanisms. In conjunction with NERC and the other REs, SPP RE audit staff and a number of SPP RE contractors participated in two auditor workshops sponsored by NERC. For the second year in a row, we contracted with a Big Four auditing firm to conduct a two-day overall audit skills workshop, which was attended by all of the SPP RE audit staff, staff from other regions, NERC, and selected SPP RE contractors. The CIP audit team participated in the 2012 NERC Grid Security Conference. To broaden their knowledge of relay technology, the 693 audit team members attended a Schweitzer Engineering Laboratories relay conference. Several staff also attended a Government Accountability Office Auditing Standards workshop.

FERC observers attended two SPP RE audits in 2012 and NERC observers attended four. The SPP RE General Manager observed one 693 audit and one CIP audit. While there is always room for improvement, the general tone of the feedback sessions from observers was very positive.

Managed TFE Caseload

The Technical Feasibility Exception (TFE) Program related to CIP Standards completed its third year in 2012. We have processed 316 TFE requests since the program's inception. In 2012 we accepted 82 TFEs, approved 42, and terminated 27. The active TFE caseload at the end of 2012 was 166.

Processed 17 Events

In 2012, SPP RE's Event Analysis staff engaged with the national NERC Event Analysis program, which began in October 2010, and handled 17 reportable events. This number of events is lower than the 22 reportable events that occurred in 2011. SPP RE worked with some of the impacted entities to develop and publish seven regional Lessons Learned in 2012.

In September 2011 the FERC/NERC Staff Report on the 2011 Southwest Cold Weather Event made 27 recommendations primarily targeted to the Western Electric Coordinating Council. However, several of the recommendations are applicable to all regions, particularly those designed to improve operational planning and real-time situational awareness. SPP RE's Event Analysis staff conducted a survey of entities on these topics and worked with the SPP Regional Transmission Organization and the SPP Event Analysis Working Group to implement several recommendations and training activities.

SPP RE issued two surveys in 2012 to gauge entities' actions related to recommendations in the NERC/FERC Joint Staff Inquiry report on the Arizona – Southern California Outages on September 8, 2011. Results of these surveys were shared with stakeholders, NERC, and the RE Trustees.

Added Seven Registered Entities

In 2012, we added seven Registered Entities, increasing our total from 133 to 140. The number of total functions registered in SPP RE increased from 400 to 410. An evolving issue is the revision to the Bulk Electric System definition and the addition of an exception process for elements that meet the standard definition but have certain attributes that would allow them to be removed from Compliance Monitoring Enforcement Program (CMEP) oversight.

Participated in Facility Ratings Alert Program

NERC launched a Facilities Ratings alert program at the end of 2010, with a goal of having all BES lines checked for clearances and ratings by the end of 2013. The SPP RE Events Analysis group is coordinating this activity for the SPP RE footprint. The high priority line assessments have been completed in the SPP region with remediation activities either completed or underway. The first report on medium priority facilities was made in July 2012; at that time, only a few entities had begun or completed the assessments for medium priority facilities. The next report is due in January 2013.

Published Reliability Assessments

SPP RE is responsible for developing annual winter, summer, and long-term reliability assessments. The 2012 long-term reliability assessment shows adequate reserve margins for the SPP RTO footprint over the next ten years. The assessments identified several federal EPA regulations that could impact regional reliability, primarily due to outage coordination scheduling for a large number

of generators. Even though the Cross-State Air Pollution was vacated in August 2012, the reliability impacts of the Mercury and Air Toxic Standard and other EPA regulations continue to be studied.

Enforcement

Processed 251 violations; Received 173

The SPP RE Enforcement group received 173 violations in 2012 that were either self-reported by Registered Entities or discovered by the Compliance Monitoring group. We processed 251 violations in 2012, and for the second year in a row processed more violations than we received. Enforcement improved its processes and procedures, and staff continued to gain experience allowing them to process an increasing number of violations through the CMEP. With a caseload of 168 violations as of December 31, 2012, our caseload continues to represent less than a one-year caseload.

Reviewed 147 Mitigation Plans; Improved Processes

In 2012, Enforcement reviewed 147 completed mitigation plans. With the addition of a CIP Compliance Specialist, we were able to reduce our reliance on consultants and allow Case Managers to focus on processing violation. In an effort to improve system reliability, we targeted “High Impact” or high risk violations for mitigation as soon as possible. To achieve this objective, we established a performance goal of soliciting an acceptable mitigation plan for High Impact violations within 120 days of violation discovery. In 2012, Enforcement averaged 100 days to receipt of acceptable mitigation plans for High Impact violations.

Compliance Hearing

At the request of a Registered Entity, in 2012 SPP RE initiated its second hearing on a compliance violation. The hearing is underway and an Initial Hearing Officer Decision is scheduled for November 8, 2013.

Processed 74 FFTR Remediated Actions

FERC issued its Order on the NERC Compliance Enforcement Initiative in March 2012. The Order approved NERC’s implementation of the Find, Fix, Track and Report (FFTR) disposition process for violations that represent a minimal risk to the Bulk Electric System. Enforcement implemented a triage process for incoming violations to expedite the identification and processing of FFTR violations. Identified FFTR candidates are assigned to a single Case Manager and expedited through the mitigation process. In 2012, we processed 74 possible violations utilizing the FFTR process.

2012 Metrics Performance

Metric	Actual Performance
1. Expedite processing and mitigation of High Impact (HI) violations	113%
2. Process December 31, 2011 caseload within 2012	107%
3. Accept or reject MPs within 30 days of submission by Registered Entity	83%
4. Complete MP completion reviews within 30 days of Registered Entity notification of completion	120%
5. Complete quarterly MP milestone completion reviews within 30 days of the end of the quarter	119%
6. Publish non-public off-site audit report to NERC	118%
7. Publish non-public on-site audit report to NERC	112%
8. Publish non-public Spot Check reports to NERC	110%
9. Publish internally completed assessment of self-certification/exception reporting/periodic data submittals	104%
10. Process incoming Possible Violations to NERC through webCDMS in 5 business days or less	109%
11. Reduce average cash cost of on-site/off-site audits over 2011averages; includes contractor billings and travel	150%
12. Increase outreach/oversight of relay misoperations data to reduce reported misoperations for 1Q-3Q 2012, versus same period of 2011	150%
TOTAL	**112%**

Outreach

SPP RE holds three compliance workshops annually. Members, Registered Entities, and other interested parties are invited to attend and learn more about SPP RE and NERC processes, emerging issues, compliance best practices, and more. In addition to presentations by SPP RE staff, guests from FERC, NERC, and entities are invited to speak on topics of interest. In 2012, SPP RE held three workshops with 463 participants, an 18% increase over 2011.

In April 2012 SPP RE launched a series of training videos to capture for future audiences basic compliance education presented at webinars and workshops. We posted 14 videos to vimeopro.com/sppre/basics; they were played almost 1,000 times since the series launch.

SPP RE regularly hosts webinars to inform entities about compliance matters and emerging issues. In 2012, SPP RE hosted 10 webinars with 509 registrants. The average number of registrants per webinar increased 20% over 2011.

SPP RE issued 12 monthly e-newsletters that included feature articles, workshop and webinar invitations, and updates on SPP RE and NERC activities.

In 2012, SPP RE staff continued to participate in the RE Trustees, MOPC and the following working groups: Operating Reliability, Transmission, System Protection and Control, Critical Infrastructure Protection, Generation, Model Development, and Operations Model Development. The RE General Manager also participates in the Board of Directors meetings.

Several staff serve in NERC leadership roles: Kevin Perry is Chairman of the CIP Compliance Working Group, Jeff Rooker is Chairman of the RSAW Working Group, Andrea Doucette is Vice Chair of the Compliance Information Management Group, and Jim Williams is Vice-Chair of the Compliance Monitoring Practices Working Group.

In addition to SPP RE sponsored activities, the SPP RE staff participates or presents at other forums including the North American Generator Forum.

Organization and Administrative

First Strategic Plan Approved

SPP RE's first strategic plan, *SPP RE Strategic Plan – 2012-2015*, was approved at the January 2012 Trustee meeting. The proposed Strategic Plan has three foundational strategies: 1) Effectively perform NERC-delegated functions, 2) Create member and Registered Entity value, and 3) Enhance reliability and critical infrastructure protection.

Responded to FERC Audit

On November 2, 2010, FERC notified SPP that it was beginning its follow-up audit of SPP in accordance with its Order on the 2008 audit. FERC conducted its on-site audit the week of January 31, 2011. FERC found that SPP RE successfully completed the 20 recommendations from the 2008 audit. The audit report identified five areas of weakness with SPP RE's implementation of the CMEP: 1) weaknesses in processes and procedures for processing mitigation plans; 2) lack of enterprise-wide policy for contractor conflict of interest; 3) lack of policies and procedures for SPP RE staff to report SPP RE's non-compliance with NERC Rules of Procedure; 4) shortcomings in providing timely notices to Registered Entities and NERC of TFE acceptances, and 5) significant backlog of open violations pending final disposition. The audit report found no weaknesses that resulted in a negative impact to reliability. We filed our compliance plan to the 2011 FERC Audit report on November 5, 2011. Effective in 2012, we believe we have completed all the action plans for the recommendations from the audit.

Improved Technology

In 2012, SPP RE began using webCDMS to synch violation documents directly with NERC. This time-saving enhancement adds automation to the synch process and should continue to improve the efficiency and accuracy of violation processing. SPP RE staff worked with OATI and other regions to test and implement other webCDMS enhancements.

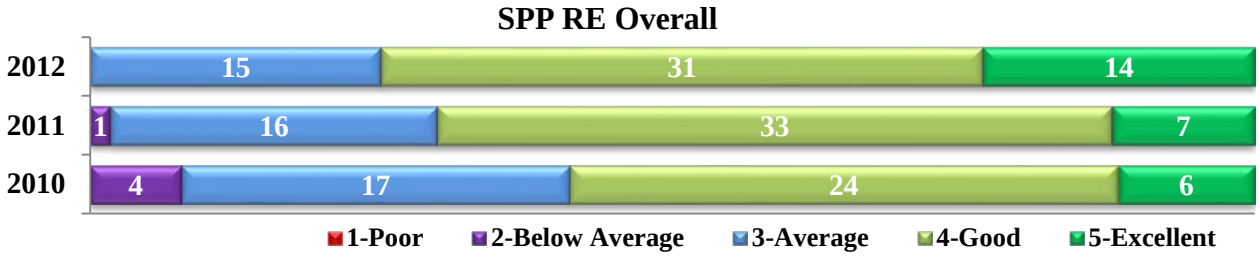
Regional UFLS Standard and Standard Manual Review

In November 2012 the NERC Board of Trustees approved the SPP Automatic Underfrequency Load Shedding (UFLS) Regional Standard, PRC-006-SPP-01. PRC -006-SPP-01 develops, coordinates, and documents requirements for automatic UFLS programs to arrest declining frequency and assist recovery of frequency following underfrequency events within the SPP RE footprint. UFLS standards are basic, fundamental standards of prime importance to Bulk Electric System reliability. If FERC approves the standard, its data submittal requirements (R4, R5, R6) will become effective the first day of the first calendar quarter one year after approval; the other requirements will become effective in three years.

The SPP RE Regional Standards Development Process Manual voting process steps were implemented for the first time PRC-006-SPP-1, and SPP RE received questions and comments from stakeholders regarding the process. In July, MOPC established the Standards Process Manual Task Force (SPMTF) to recommend process revisions to address these concerns. The SPMTF held six meetings in 2012 and completed a revised draft manual which was posted for public comment in January 2013.

Stakeholder Survey

SPP RE strives to continuously improve its performance of its NERC-delegated functions. Each year we ask Registered Entities to provide anonymous input on programs and customer service. The 2012 survey had a 54% response rate (66 respondents), up from 38% in 2011. When asked how well SPP RE's 2012 programs and services meet expectations, respondents rated them between 3 (*meets expectations*) and 3.4 (4 is *exceeds expectations*). Respondents rated employees' customer service ability between 3.8 (3 is *average*) and just above 4 (*good*). Of the respondents who interact with other Regional Entities, 59% rated SPP RE about the same, 25% rated SPP RE somewhat better, and 16% rated SPP RE much better. Ratings have annually increased in all five major categories from 2010-2012. Regarding overall satisfaction with SPP RE, 2012 *average* and *below average* ratings decreased over 2010 and 2011; *excellent* ratings increased.



2012 Goals and Achieved Performance

Several goals were outlined in the 2012 year-end report. Each of these is listed below with its status.

- Increase outreach to Registered Entities' senior leadership - *Underway*
- Adopt and begin implementation of SPP RE Strategic Plan - *Completed*
- Specific performance metrics – *11 of 12 performance metrics met (see page 6)*
- Increase collaboration with SPP RTO Compliance Group - *Underway*

2013 Goals

- Participate in auditor certification process as determined by NERC
- Develop tools to assess entity internal controls
- Validate and upload to webCDMS Case Record documents for 75% of the closed violations. The goal is to fill documentation voids in webCDMS resulting from conversion of the previous "workbook" process to using webCDMS to transmit Enforcement documents to NERC.
- Implement suggested improvements to CMEP processes based on inter-regional review and NERC's new Reliability Assessment Initiative
- Specific performance metrics