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RELIABILITY CORPORATION


COVID-19 Lessons Learned

Compliance Committee Meeting
November 4, 2020


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- Joint FERC/NERC announcement
- Issued March 18, 2020
- Three topics:
 - System Operators that are not NERC-certified
 - Missed periodic actions – acceptable noncompliance
 - Onsite activities postponed at least until July 31, 2020 (Extended to March 31, 2021)
- [Link to Guidance](#)



Federal Energy Regulatory Commission



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March 18, 2020
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FERC, NERC Provide Industry Guidance to Ensure Grid Reliability Amid Potential Coronavirus Impacts

The Federal Energy Regulatory Commission (FERC) and the North American Electric Reliability Corporation (NERC) announced today they are taking steps to ensure that operators of the bulk electric system can focus their resources on keeping people safe and the lights on during this unprecedented public health emergency.

FERC and NERC are using regulatory discretion to advise all registered entities that they will consider the impact of the coronavirus outbreak in complying with Reliability Standards as follows:

- The effects of the coronavirus will be considered an acceptable basis for non-compliance with obtaining and maintaining personnel certification, as required in Reliability Standard PER-003-2, for the period of March 1, 2020 to December 31, 2020. Registered entities should notify their Regional Entities and Reliability Coordinators when using system operator personnel that are not NERC-certified.
- The effects of the coronavirus will be considered an acceptable reason for case-by-case non-compliance with Reliability Standard requirements involving periodic actions that would have been taken between March 1, 2020 and July 31, 2020. Registered entities should notify their Regional Entities of any periodic actions that will be missed during this period.
- Regional Entities will postpone on-site audits, certifications and other on-site activities at least until July 31, 2020. Registered entities should communicate any resource impacts associated with remote activities to their Regional Entities.

FERC and NERC recognize the uncertainties regarding the response to and recovery from the coronavirus outbreak and will continue to evaluate the situation to determine whether to extend these dates. Our shared goal is to ensure all registered entities balance the concerns for the health and welfare of their workforce while staying focused on the mission of supplying power to consumers across North America.

(30)

- Temporarily expands Self-Logging Program for COVID-19
- Key topics:
 - All requirements and all registered entities
 - Applies to minimal and moderate risk
 - No further action for properly logged noncompliance
- Expires March 31, 2021
- [Link to Guidance](#)

The image shows a thumbnail of the document cover page. At the top left is the NERC logo. The title is 'ERO Enterprise Guidance: Potential Noncompliance Related to Coronavirus Impacts'. Below the title is a 'Purpose' section, followed by a paragraph of text. Then there is another paragraph of text. Below that is a 'Tracking and Treatment of Potential Noncompliance Related to Coronavirus Impacts' section, followed by a paragraph of text. At the bottom of the page, there are two footnotes and a footer with the text 'RELIABILITY | RESILIENCE | SECURITY'.

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ERO Enterprise Guidance: Potential Noncompliance Related to Coronavirus Impacts

Purpose
The purpose of this guidance is to address the handling of potential noncompliance related to the effects of the coronavirus. Specifically, this guidance introduces a temporary expansion of the Self-Logging Program in order to assist entities and the ERO Enterprise with the efficient reporting of potential noncompliance with minimal or moderate risk related to the ongoing coronavirus crisis. During this challenging time, health and safety of personnel and the continued reliability and security of the bulk power system are of crucial importance.

While registered entities remain responsible for maintaining compliance with the North American Electric Reliability Corporation (NERC) Reliability Standards, they should continue to focus their immediate efforts and resources on maintaining the safety of their workforce and communities to ensure the reliability of the bulk power system during this public health emergency. With that in mind, the ERO Enterprise¹ is committed to considering reasonable deviations from compliance with Reliability Standards caused by coronavirus response.

Tracking and Treatment of Potential Noncompliance Related to Coronavirus Impacts
On March 18, 2020, the Federal Energy Regulatory Commission (FERC) and NERC issued Guidance to Ensure Grid Reliability Amid Potential Coronavirus Impacts (March 18 Guidance).² The March 18 Guidance addressed personnel certification and noncompliance caused by the inability to complete periodic activities because of coronavirus-related constraints. The ERO Enterprise understands that the March 18, Guidance does not account for or contemplate all situations and responses an entity may face as a result of the coronavirus response; indeed, there are too many facts and circumstances to predict. The ERO Enterprise now provides further guidance related to potential noncompliance resulting from coronavirus-related impacts in addition to those contemplated in the March 18 Guidance.

The ERO Enterprise recognizes that registered entities may have to take unprecedented actions to address coronavirus impacts. Such actions may disrupt, complicate, or otherwise alter the normal course of business operations, including compliance with NERC Reliability Standards, in order to maintain the reliability and security of the bulk power system. During this extraordinary time, the ERO Enterprise is temporarily allowing all registered entities to self-log instances of potential noncompliance related to entities' coronavirus response. This temporary expansion of the Self-Logging Program is not authorization to log potential noncompliance unrelated to the impacts of the coronavirus, nor is it admission to the Self-

¹ The ERO Enterprise consists of NERC and the Regional Entities.
² The FERC/NERC Guidance to Ensure Grid Reliability Amid Potential Coronavirus Impacts is located on the NERC website at: <https://www.nerc.com/news/Headlines%201/FERC%20NERC%20031820%20final.pdf>

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- Video and audio conferencing supported successful off-site activities
- Tours/interviews of key personnel via secure web conferences and/or video communications
- Enhanced cross-coordination of expertise among ERO Enterprise
- Staff identifying and tracking where follow-up activity will be warranted post-pandemic
- Follow-up, as warranted, a key component of continued planning processes
- Successful use of technology and lessons learned may impact future activity planning and coordination



Questions and Answers

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2021 Compliance Monitoring and Enforcement Program Implementation Plan

Steven Noess, Director, Regulatory Programs

Kiel Lyons, Senior Manager, Compliance Assurance

Compliance Committee Meeting

November 4, 2020

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- Purpose of the Compliance Monitoring and Enforcement Program (CMEP) Implementation Plan (IP)
 - Annual CMEP-related operating plan for NERC and Regional Entities
 - Implementation of risk-based approach for CMEP activities
- Timeline
 - NERC posts initial draft on or about September 1 of preceding year
 - NERC final IP with links to regional schedules in November
 - Updates may occur throughout year

- Risk Elements

- Data-driven and expert judgement of ERO Enterprise staff
- Use of ERO Enterprise publications
- Identify and prioritize continent, interconnection, and region-wide risks to the reliability of the BPS
- Not a representation of all important Reliability Standard requirements or risks for registered entities

- CMEP staff intended use
 - Focus compliance monitoring and enforcement activities
 - Messaging to industry on areas of emphasis for CMEP activities
- Registered entity intended use
 - Used in conjunction with entity-specific COP
 - Consideration in compliance operations focus
 - Enhance internal controls

- Used the enhanced, easier-to-use format introduced in the 2020 CMEP IP
- Risk Elements reflect a combined ERO Enterprise view
 - Focused to increase relevance to impacted registered entities
 - Reflects high level priorities for CMEP
 - Relevance based on registered entity's facts and circumstances

- COVID-19
 - Summary of industry guidance
 - Prioritize monitoring activities and risks that benefit the most from on-site components when conditions allow
 - Risks reflected in Risk Element write-ups
 - ERO Enterprise may consider reviewing requirements related to personnel training

Table 1: Comparison of 2020 Risk Elements and 2021 Risk Elements

2020 Risk Elements	2021 Risk Elements
Management of Access and Access Controls	Remote Connectivity and Supply Chain
Insufficient Long-Term and Operations Planning Due to Inadequate Models	Poor Quality Models Impacting Planning and Operations
Loss of Major Transmission Equipment with Extended Lead Times	Loss of Major Transmission Equipment with Extended Lead Times
Inadequate Real-time Analysis During Tool and Data Outages	Inadequate Real-time Analysis During Tool and Data Outages
Improper Determination of Misoperations	Determination and Prevention of Misoperations
Gaps in Program Execution	Gaps in Program Execution
Texas RE: Resource Adequacy	

- 2021 ERO Enterprise CMEP IP Draft 1:
<https://www.nerc.com/pa/comp/CAOneStopShop/ERO%20CMEP%20Implementation%20Plan%20-%202021.pdf>



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Facility Ratings Activities

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- CMEP activities indicated widespread discrepancies
 - Documented Facility Ratings versus actual field conditions
 - Many are significant, causing increased risk to bulk power system reliability
 - Performance correlation between strong entity controls and proactive field validation
- CMEP Implementation Plan (Gaps in Program Execution)
- CMEP staff coordination and training
- ERO Enterprise CMEP Practice Guide (published Q2 2020)
- ERO Enterprise outreach (workshops, newsletters)

- 2021 Risk Element

- Change management weaknesses have also led to significant violations related to Facility Ratings ... Some registered entities have Facility Ratings based on inaccurate equipment inventories, or ratings are not being updated during projects or following severe weather. Where records are not kept up to date, inaccurate models and damaged equipment can result.

Standards	Requirements	Rationale
CIP-010-3	R1	Ensuring entities maintain complex programs which handle large amounts of data, e.g., accurate inventories of equipment, following asset transfers, addition of new equipment, etc.
FAC-003-4	R1, R2, R3, R6, R7	
FAC-008-3	R6	
PRC-005-6	R3	



- Ongoing ERO Enterprise coordination with:
 - NATF
 - FERC
 - CCC Facility Ratings Task Force
- Ongoing input through various ERO Enterprise activities
 - Outreach
 - Compliance monitoring
 - Enforcement
- Coordination with RSTC

- Common understanding of problem statement and risk
- Avoid duplication of efforts
- Encourage registered entities to develop their own approach for self-assessment and risk-based prioritization
- Tie between corporate level controls and senior management involvement/understanding with successful management of programs
 - Not limited to Facility Ratings
- Next steps: Ongoing collaboration on addressing problem statement through 2021



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Compliance Monitoring and Enforcement Program Quarterly Report Q3 2020

James McGrane, Senior Counsel
Compliance Committee Meeting
November 4, 2020

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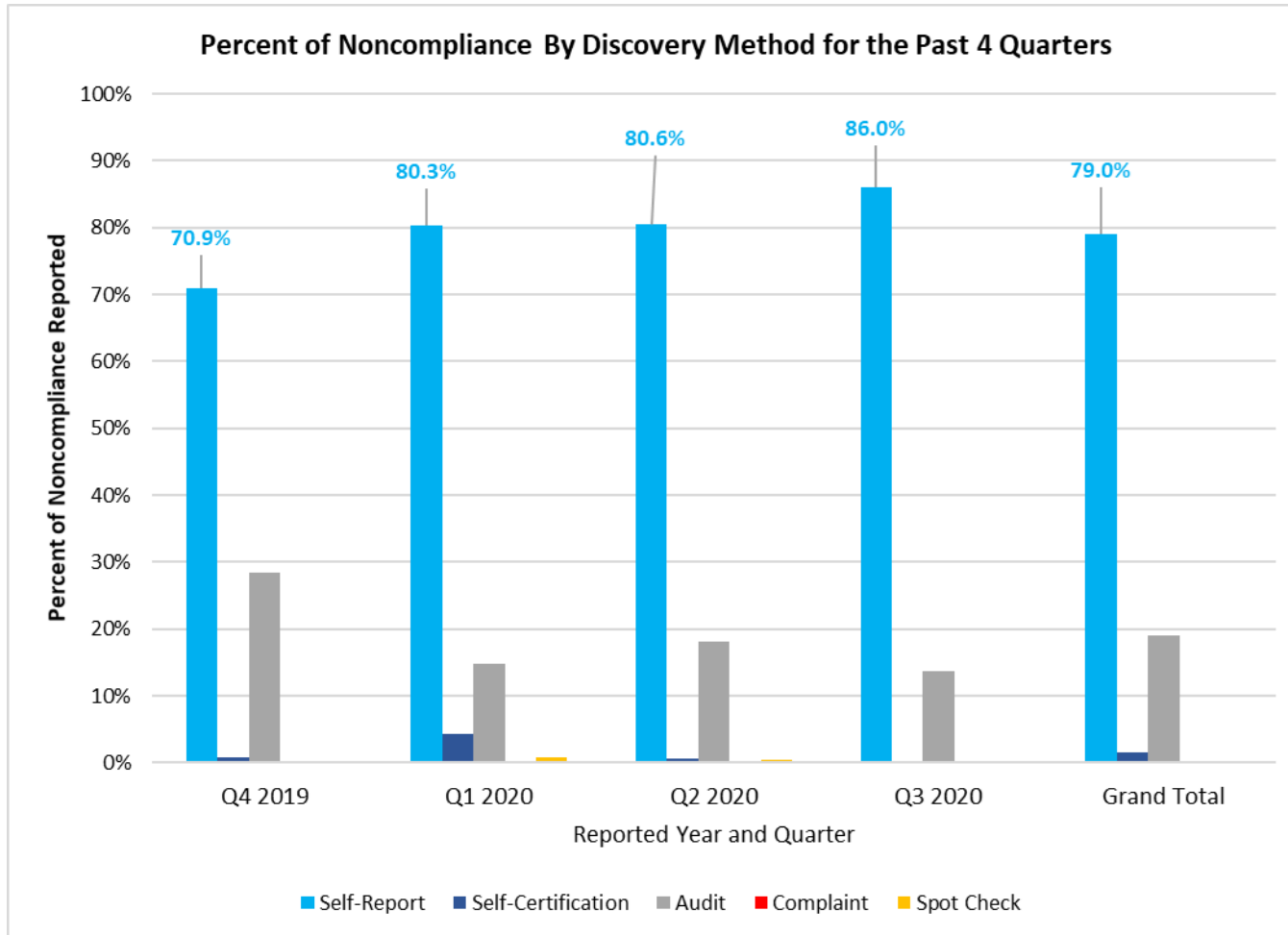
- Align Tool and Secure Evidence Locker
- Awareness of CMEP Activities in North America
- Prioritization of Critical Infrastructure Protection
- Operations and Planning Risks
- Streamlining

- One of the principal areas of noncompliance in all the Regional Entities
 - Management of access
 - Human performance gaps in program execution
- Heightened focus on sharing best practices
 - Noncompliance reduction strategies
 - CIP continuous performance improvement by registered entities
 - Regional Entity Assist Teams best practices
 - ERO Enterprise collaboration and sharing

- Supply Chain Small Group Advisory Sessions FAQ
 - <https://www.nerc.com/pa/comp/SupplyChainRiskMitigationProgramDL/SAS%20FAQ%2006252018.pdf>
- NIST Cyber Security Framework / NERC CIP Mapping
 - <https://www.nerc.com/pa/comp/CAOneStopShop/NIST%20CSF%20v1.1%20to%20NERC%20CIP%20FINAL.XLSX>
- Joint FERC NERC Supply Chain White Paper
 - https://www.nerc.com/pa/comp/CAOneStopShop/Joint%20Staff%20White%20Paper%20on%20Supply%20Chain_07312020.pdf
- Two Cloud BCSI Table Tops
 - Microsoft and CIWG Supported
- CCC Supply Chain Task Force

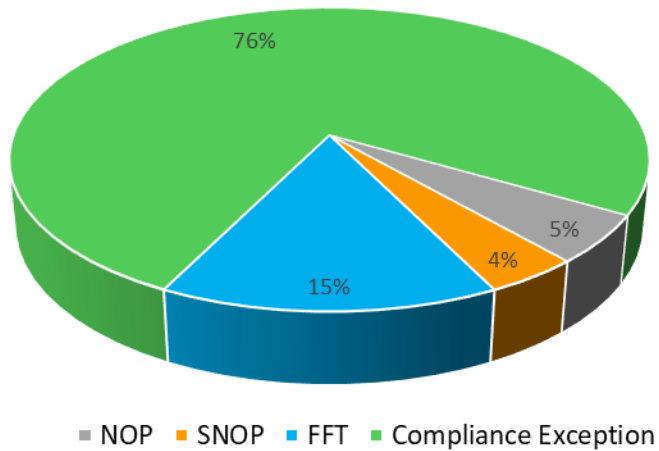
- Remote Connectivity
 - Vendor
 - Third party Control Centers
 - Trust third parties

- Supply Chain
 - Global risks
 - Foreign vendor component risk
 - Large impact

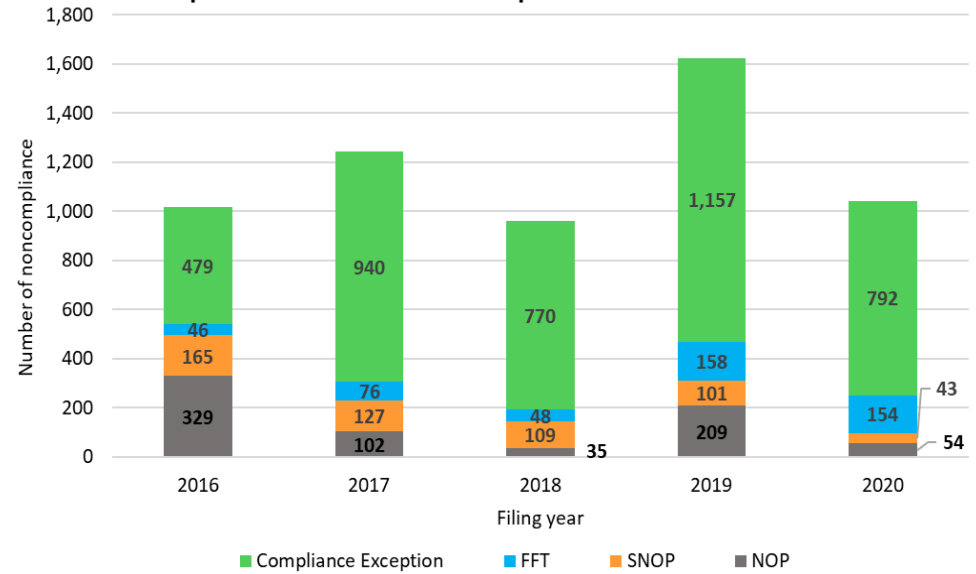


Self-Reporting remains high, helping speed mitigation and reduce risk

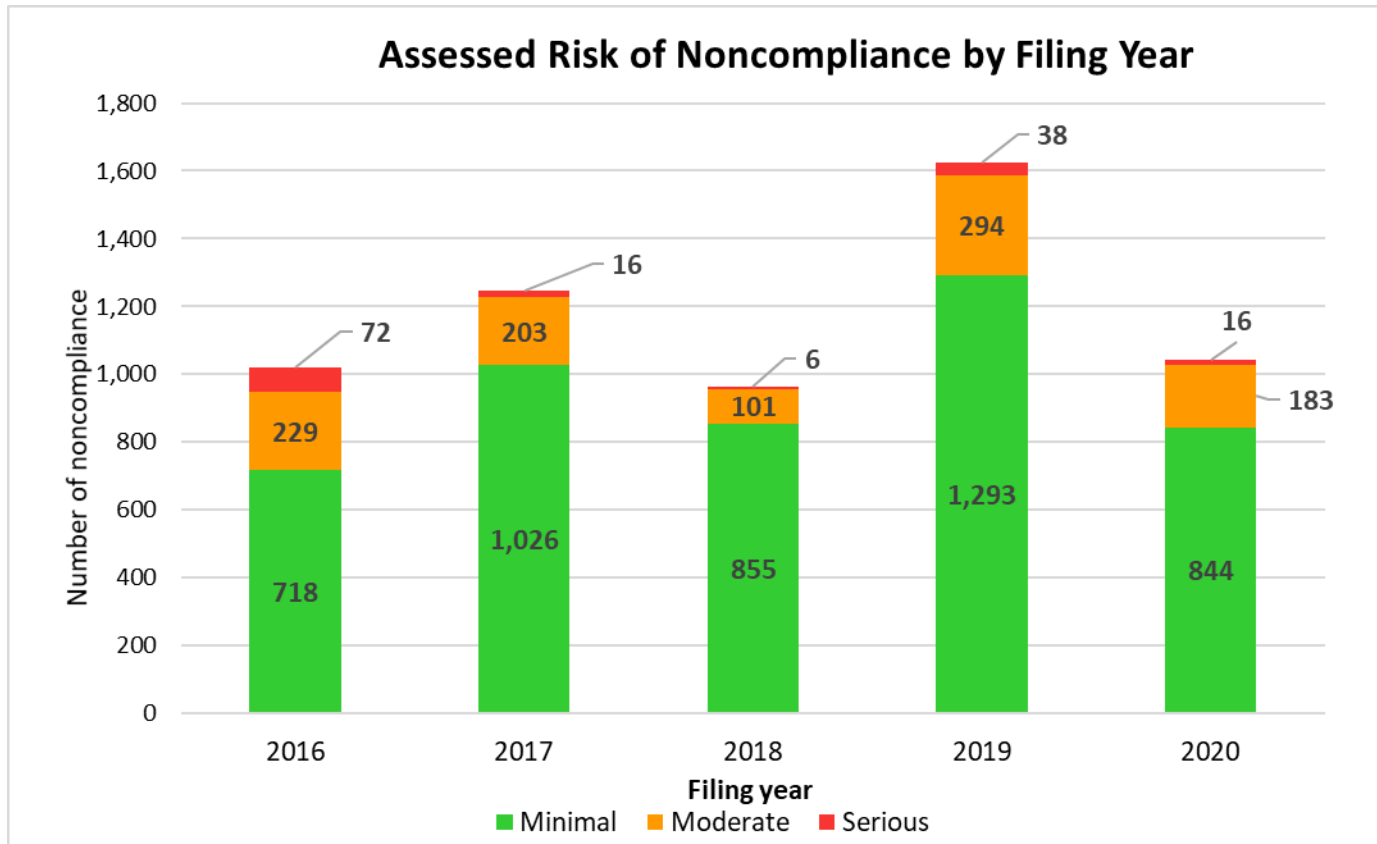
Disposition Breakdown in Q1-Q3 2020



Disposition Method of Noncompliance in the Past Five Years



The majority of noncompliance continues to be processed as Compliance Exceptions



Moderate and serious risk noncompliance remain a small portion of all filed noncompliance



Questions and Answers