

# Multi-Region Registered Entity Coordinated Oversight Program

## Frequently Asked Questions and Answers

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### QUESTIONS AND ANSWERS

#### 1. What is a Multi-Region Registered Entity (MRRE)?

*A single North American Electric Reliability Corporation (NERC) registered entity with a single NERC Compliance Registry (NCR) ID number, or two or more NERC registered entities that are corporate affiliates and are performing Bulk Electric System (BES) functions in two or more Regional Entities' territories.*

*For example, MRRE1 is registered with a single NCR ID number but has operations in three Regional Entities. MRRE2 has seven affiliated registered entities listed in the NERC Compliance Registry under separate NCR IDs. These seven affiliated registered entities operate in six Regional Entities' territories.*

*Registered entities that meet this criterion are potential candidates for inclusion in the Coordinated Oversight Program (Program).*

#### 2. How will the ERO Enterprise consider a MRRE for inclusion in the Coordinated Oversight Program?

*A registered entity operating in or owning assets in two or more Regional Entities' jurisdictions with one or more NERC IDs is a potential candidate for inclusion in the Coordinated Oversight Program. NERC and the Regional Entities' base inclusion decisions on reliability considerations like, but not limited to, an entity's registered functions, load and generation capacity, transmission assets, transmission and generation control centers, the existence of a centralized compliance program, etc. NERC and Regional Entities' reserve the right to reject a request if inclusion in the Coordinated Oversight Program hinders a Regional Entities' ability to effectively conduct Compliance Monitoring and Enforcement Program activities or presents a potential risk to the BES.*

#### 3. What is a Lead Regional Entity (LRE)?

*The LRE is the Regional Entity designated by the Electric Reliability Organization (ERO) Enterprise to lead the coordinated efforts related to compliance monitoring and enforcement oversight of a registered entity or registered entities that are corporate affiliates participating in the Coordinated Oversight Program (Participant). When appropriate, the ERO Enterprise may designate more than one LRE for the Participant. The ERO Enterprise may consider LRE designation changes, as necessary. In the event of a change, the registered entity will be notified prior to the effective date of the change.*

**4. What is an Affected Regional Entity (ARE)?**

*The ARE is the Regional Entity, other than the LRE, in which the Participant is registered for various NERC functional responsibilities.*

**5. What is coordinated oversight?**

*Coordinated oversight is the coordination of compliance and enforcement activities among the LRE and the ARE(s). The ERO Enterprise assigns the LRE and ARE(s) for MRREs that have expressed interest in the Coordinated Oversight Program.*

**6. Is it mandatory for each MRRE to participate in the Coordinated Oversight Program?**

*No. Participation in the Coordinated Oversight Program is voluntary. However, all MRRE's with a common compliance program across its registrations are encouraged to consider the benefits of coordinated oversight and apply for participation in the Program.*

**7. How can a registered entity elect to participate in the Coordinated Oversight Program?**

*MRREs should submit their requests to the [ComplianceOversight@nerc.net](mailto:ComplianceOversight@nerc.net).*

**8. Why have coordinated oversight? How does a registered entity benefit from coordinated oversight?**

*Coordinated oversight is designed to eliminate unnecessary duplication of compliance monitoring and enforcement activities. More details can be found in ATTACHMENT 1: GENERAL INFORMATION located at the end of this document and in the ERO Enterprise Guide for the Multi-Region Registered Entity Coordinated Oversight Program document located on the NERC website.*

*For example, under the Program, the Participant will submit self-reports for potential noncompliance to the LRE and not to all Regional Entities where entity is registered. Similarly, self-certifications and periodic data submittals will be directed to the designated LRE. Compliance audits and investigations, and system event disturbance investigations will also be coordinated among the LRE and the ARE(s) to optimize compliance oversight.*

**9. Can a MRRE elect to participate in the Program and later opt out?**

*Yes. Participation in coordinated oversight is voluntary. MRRE's who have been approved to participate in the Program can opt out. However, opting out of coordinated oversight may not take effect immediately, as the ERO Enterprise will need time to determine how best to transition any ongoing or scheduled activities. Scheduled Compliance Monitoring Enforcement Program (CMEP) activities may continue to be conducted by the LRE during this transition period. Once a termination date has been identified, the LRE will notify the MRRE of the effective termination date. Any scheduled CMEP activities will be addressed, and any open or pending CMEP activity must be completed prior to processing the termination request.*

**10. How is the LRE selected? Does the MRRE have a choice of the lead region for coordinated oversight?**

*The ERO Enterprise will review and consider each request for coordinated oversight and if approved, will designate the LRE(s). The LRE selection criteria comprise multiple factors, including the location of assets with high and medium impact on the BES, seams issues, registered functions in each Regional Entity, load, generation and transmission assets, control center locations, inerties, Protection Systems schemes, Blackstart Resources, etc. MRREs will not be involved in the LRE selection process, though they may propose an LRE that will be considered during the approval process.*

**11. Will there always be only one LRE for MRRE or group of MRREs?**

*The most appropriate coordinated oversight for MRRE or group of MRREs may result in the designation of more than one LRE. For example, for MRREs that are transitioning oversight from multiple Regional Entities, two LREs could be selected due to the large size of the entity and associated CMEP efforts.*

**12. Can a registered entity or affiliates participate in coordinated oversight with respect to some affiliates/business units and not for others?**

*Separating MRRE's for coordinated oversight will be considered by the ERO Enterprise and consideration will be based on entity-specific facts and circumstances (e.g., centralized compliance program).*

**13. Can a MRRE or a group of related MRREs request coordinated oversight solely for compliance with the NERC Critical Infrastructure Protection (CIP) Standards? Or solely for the Operations and Planning Reliability Standards?**

*Yes, see above.*

**14. Will a MRRE become registered in just one region after joining the Program?**

*No. Participating in coordinated oversight does not change the MRRE's registration or the applicable registration criteria.*

**15. How are coordinated oversight responsibilities for the LREs and AREs determined?**

*ERO Enterprise has documented clear roles and responsibilities of the LREs and AREs to effectively manage coordinated oversight tasks. Details of the Program and associated responsibilities are outlined in ATTACHMENT 1: GENERAL INFORMATION. NERC will continue to oversee the activities of the Regional Entities to ensure the Program is applied consistently throughout the ERO Enterprise.*

**16. Does the LRE make the final decisions on compliance and enforcement activities?**

*No. In coordinated oversight, each Regional Entity will be involved in all compliance monitoring and enforcement decisions related to the reliability functions of the MRREs.*

*For example, the LRE will coordinate with the ARE(s) to create a Compliance Oversight Plan that will determine the oversight approach for the MRRE, including the timing and frequency of the oversight activities.*

**17. Does the oversight responsibility of the AREs terminate once an entity joins the Program?**

*No. Each Regional Entity retains responsibility and authority to ensure compliance with the NERC Reliability Standards. Should an ARE need to conduct any CMEP activity, the ARE will coordinate with the LRE. Where feasible, the LRE will lead the activity. However, in some cases, the MRRE may need to interact with the ARE. The LRE and ARE will coordinate on any interactions between the LRE, ARE, and MRRE.*

**18. Does the coordinated oversight of a MRRE include activities other than compliance monitoring and enforcement?**

*Yes. In addition to the activities identified in the CMEP, there may be other reliability-related activities for which coordination is beneficial to the registered entity (e.g., Certification activities).*

**19. How does coordinated oversight affect the Inherent Risk Assessment (IRA) and Compliance Oversight Plan (COP) for each MRRE?**

*IRAs and COPs will be performed by the LRE in coordination with the ARE(s). The MRRE will have to submit information to the LRE, which will review the information together with the ARE(s) and issue a final COP. Based on the COP, the LRE in coordination with the ARE(s) will designate an appropriate oversight approach for the MRRE.*

**20. How will identical potential noncompliance issues be processed and reported for MRRE participants?**

*Potential noncompliance issues that are identical within all regions will be processed only once. The LRE in coordination with the ARE(s) will review the potential noncompliance and determine whether it is identical. In most instances, and when feasible, the potential noncompliance will be processed by the LRE.*

**21. How will Regional Reliability Standards be enforced under coordinated oversight?**

*The Regional Reliability Standards will continue to be mandatory and enforceable within the applicable territory. The LRE will coordinate enforcement of these Reliability Standards with the ARE(s).*

**22. Will a MRRE be required to participate in enforcement-related activities in multiple Regional Entities?**

*In most instances, no. Settlement activities related to violations of the NERC Reliability Standards will be coordinated to avoid administrative redundancy. Review, acceptance, and verification of mitigating activities will be handled by the LRE in cooperation with the ARE(s). However, in instances where more than one LRE is designated, the MRRE may interact with more than one Regional Entity.*

**23. My questions are very specific and are not addressed here. How do I learn more about the Program and whom do I contact?**

*For additional information, contact NERC representative.*

## **Contact Information**

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## **ATTACHMENT 1: GENERAL INFORMATION**

This attachment describes the protocols the Regional Entities will use to assure coordination of delegated functions (e.g., compliance monitoring and enforcement, event analysis, etc.) for MRREs in the Program. This coordinated oversight between the Regional Entities is intended to streamline risk assessment, compliance monitoring and enforcement, and event analysis activities.

Registered entities may request to participate in the Program by providing written notification to NERC. Notification can be made by contacting the NERC representative or [CoordinatedOversight@nerc.net](mailto:CoordinatedOversight@nerc.net).

### **Lead Regional Entity**

When a registered entity requests to participate in the Program, NERC and the Regional Entities will review the request and other related information to determine whether the registered entity may be included in the Program. Once approved, the ERO Enterprise will identify a LRE for the MRRE. The LRE will notify the MRRE when the identification has been agreed upon. The LRE and ARE(s) will coordinate on all activities listed below and will periodically review the coordinated oversight activities to ensure efficiencies are preserved. The LRE may be changed from time to time, as agreed upon by NERC and the Regional Entities. In the event of a change in LRE, the MRRE will be notified by the LRE.

The LRE will:

1. Include the MRRE in LRE's Annual Audit Plan as needed.
2. Maintain and coordinate with the ARE(s) with regard to adequate resource needs to effectively perform coordinated oversight activities.
3. Provide the ARE(s) with the opportunity to participate in any compliance monitoring and enforcement activity.
4. Ensure NERC Rules of Procedure are followed during coordinated oversight.
5. Select the oversight approach for the MRRE, including timing and frequency of such activities, after coordinating and receiving input from the ARE(s).
6. Compose reports related to coordinated compliance monitoring and enforcement activities and provide such reports to the ARE(s) for review and comment, prior to the issuance of the report; and
7. Perform all Inherent Risk Assessments and Internal Controls Evaluation(s) of the MRRE in coordination with ARE(s).

### **Self-Reports**

The MRRE will self-report all potential instances of noncompliance to the LRE.

If the MRRE has any concerns about unnecessary duplication of effort on any future self-reported potential violations, please contact the LRE's staff.