

Multi-Region Registered Entity Coordinated Oversight Program

Frequently Asked Questions and Answers

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' (REs') territories.

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

Registered Entities that meet this criteria 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 REs' jurisdictions with one or more NERC IDs is a potential candidate for inclusion in the Coordinated Oversight Program. NERC and the REs 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, etc. NERC and REs reserve the right to reject a request if inclusion in the Coordinated Oversight Program hinders an RE's 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 RE designated by the Electric Reliability Organization (ERO) Enterprise to lead the coordinated efforts related to compliance monitoring and enforcement oversight of a registered entity 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 RE, 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 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.

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. The details of the Program are outlined in the Attachment: General Information, located at the end of this document.

For example, under the Program, the Participant will submit self-reports for potential instances of noncompliance to the LRE and not to all REs 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 RE, load, generation and

transmission assets, control center locations, inerties, Protection Systems schemes, Blackstart units, etc. MRREs will not be involved in the LRE selection 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 eight REs, 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 REs 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 RE 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 (COP) 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 RE 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.

19. How does coordinated oversight affect the Inherent Risk Assessment (IRA) and Internal Controls Evaluation (ICE) for each MRRE?

IRAs 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 assessment. Based on this assessment, the LRE in coordination with the ARE(s) will designate an appropriate oversight approach for the MRRE.

ICE is voluntary. If a MRRE elects to have their internal compliance programs (or a common program) evaluated, the MRRE should contact their LRE. The LRE will coordinate the evaluation of the MRRE's ICE with the ARE(s).

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.

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

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. However, in instances where more than one LRE is designated, the MRRE may interact with more than one RE.

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: GENERAL INFORMATION

This attachment describes the protocols the REs 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 REs 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.

Lead Regional Entity

When a registered entity requests to participate in the Program, NERC and the REs 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 REs. 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 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.

Compliance Audits

The LRE will lead the scheduling and execution of compliance audits conducted of the MRRE with participation from ARE(s)'s staff.

Self-Certifications

The MRRE will submit self-certifications to the LRE in accordance with the LRE's Implementation Plan for the NERC CMEP. Should the ARE(s) identify a self-certification needed from the MRRE, the ARE(s) will coordinate the self-certification request with the LRE.

Periodic Data Submittals

The MRRE will submit periodic data submittals to the LRE in accordance with the NERC periodic data submittal schedule. Should the ARE(s) identify a "periodic data submittal" needed from the MRRE, the ARE(s) will coordinate the data submittal request with LRE.

Complaints

Both the LRE and the ARE may receive complaints regarding allegations of the MRRE's violation(s) of Federal Energy Reliability Commission (FERC) approved Reliability Standards or requirements. If the ARE receives a complaint against the MRRE, the ARE will notify and coordinate with the LRE to review and resolve the complaint. In any case, the LRE and the ARE will inform each other of the issuance of a complaint, the result of the review, and the proposed resolution of the matter.

Should NERC, or a RE, receive an anonymous complaint about a registered entity participating in a MRRE, NERC follows the process outline in the NERC Rules of Procedure Section 7.2.1 and will notify the LRE and ARE(s) as appropriate.

Spot Checks

The LRE will notify and coordinate the performance of any Spot Checks of the MRRE with ARE. Should there be a reason why the ARE may need to conduct a Spot Check of the MRRE, the ARE will notify the LRE and coordinate the performance of such Spot Check of the MRRE with the LRE. The LRE will lead the Spot Check with participation from ARE(s)'s staff.

Technical Feasibility Exceptions (TFEs)

The LRE will be responsible for handling all TFE's submitted by the MRRE, regardless of where they may apply within the MRRE's operations. The MRRE will only need to request TFE approvals and amendments from LRE, but will clearly note any TFEs for covered assets that reside within the ARE(s) footprint. The LRE will then consult and coordinate with the ARE(s) on the TFE's specific to facilities within the ARE(s)'s footprint. The LRE and ARE(s) are individually responsible for meeting any obligation to report TFEs to NERC and FERC. The LRE will assist in coordinating efforts with the MRRE.

Pending Violations

For MRREs requesting participation in the Program, pending violations which are duplicative or redundant and currently open in the LRE's and ARE(s)' regions will be handled and processed by the LRE. The ARE(s) will issue a Notice of Transfer to the LRE and a Notice of Dismissal to the MRRE for any open NERC tracking IDs within the ARE(s)' footprint.

Mitigation Plan Review and Verification

The LRE will coordinate the review and acceptance of any mitigating activities or a mitigation plan with the ARE(s) prior to acceptance. The LRE will lead and coordinate verification of all completion of any mitigating activities or mitigation plans with the ARE.

Enforcement Coordination

The LRE will provide periodic updates to the ARE throughout the enforcement process. The LRE will copy the ARE(s) during the issuance of notices, draft settlement agreements, and final settlement agreements to the MRRE.

Retention and Disposal of Confidential Compliance Monitoring and Enforcement Data

The LRE and ARE(s) will be responsible for the secure transfer and storage of all data and evidence associated with all coordinated oversight activities. The LRE and ARE(s) will be responsible for retention and disposal timing as required by NERC rules and regulations.

In the event that the MRRE is no longer in the Program, then the REs where the MRRE is registered will resume responsibility for the retention and disposal of any new data from the effective date of the transition.

System Events

The LRE will review system events or disturbances related to the MRRE's facilities exclusively in the LRE's footprint including reviews of the MRRE's compliance self-assessments of an event. The LRE will provide any reports to the ARE(s).

For system events or disturbances which may exclusively involve facilities within the ARE's footprint, the ARE will lead the coordination and review of the event analysis and will provide any reports to the LRE.

For system events or disturbances related to the MRRE's facilities that impact both the LRE and the ARE(s)' footprints, NERC and the REs will determine a lead RE for the event, and further communication will take place between the registered entity and the designated lead RE, as detailed in the ERO Event Analysis Process.

NERC Alerts

The LRE is designated to coordinate responses from the MRRE regarding NERC Alerts. Any required status updates associated with NERC Alerts must be entered by the MRRE into the NERC Alert database for each individual NCR ID by Region. The LRE will consult and coordinate with ARE regarding assets located within the ARE footprint which are subject to the NERC Alert.

| Version | Date | Revision Detail |
|-------------|-------------------|--|
| Version 1.0 | January 12, 2015 | Original Version |
| Version 1.1 | October 17, 2016 | Updated NERC contact information and Sara Patrick's title |
| Version 1.2 | December 7, 2016 | Updated MRO contact from Sara Patrick to Tom Tierney |
| Version 1.3 | May 15, 2017 | Updated MRO contact from Tom Tierney to Sara Patrick |
| Version 1.4 | August 8, 2017 | Updated NERC and FRCC contact information |
| Version 1.5 | November 30, 2017 | Updated FAQ section to agree with current practices and clarify processes. |