

# Toward Enforceable Reliability Standards

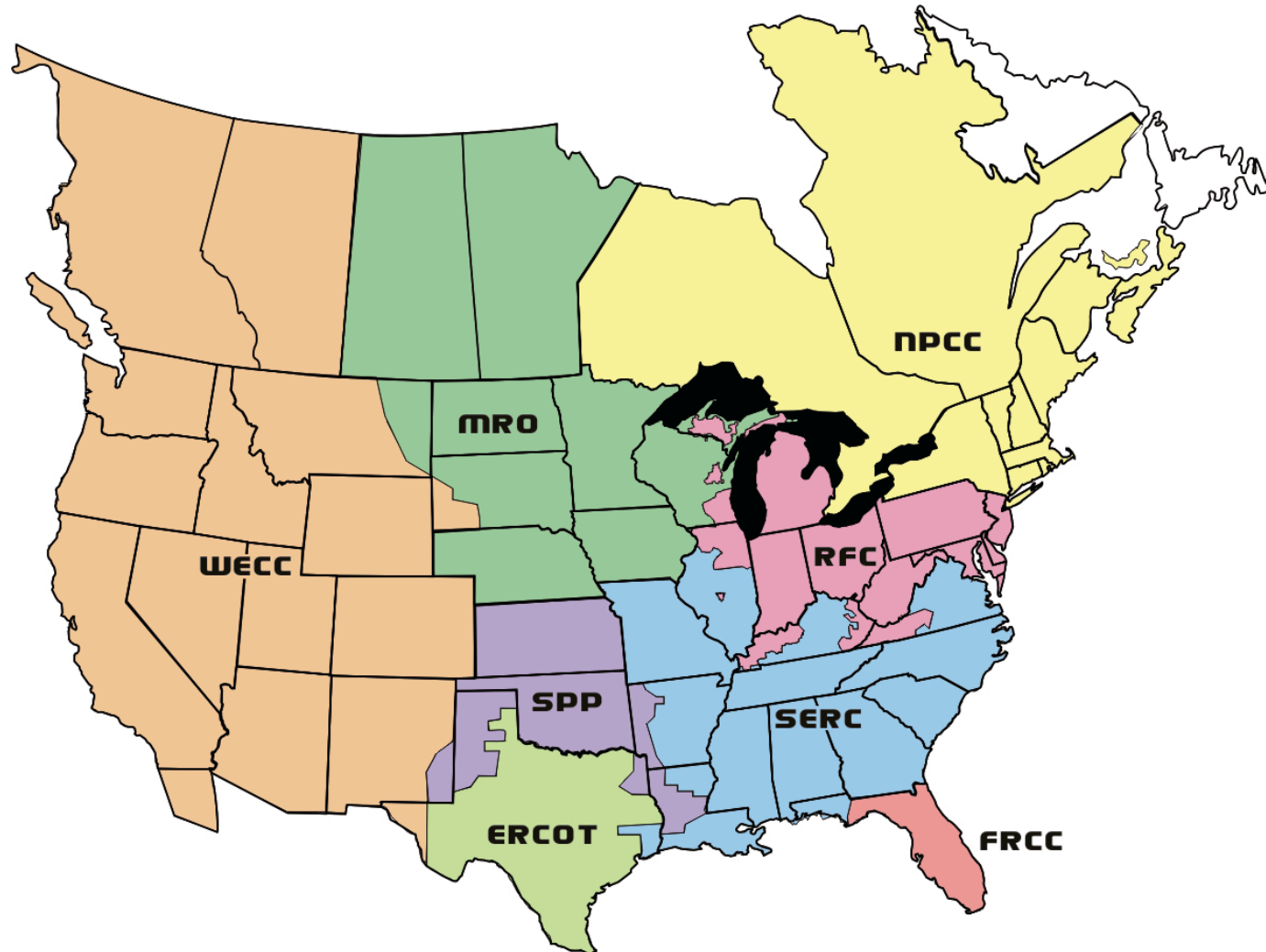
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David Cook

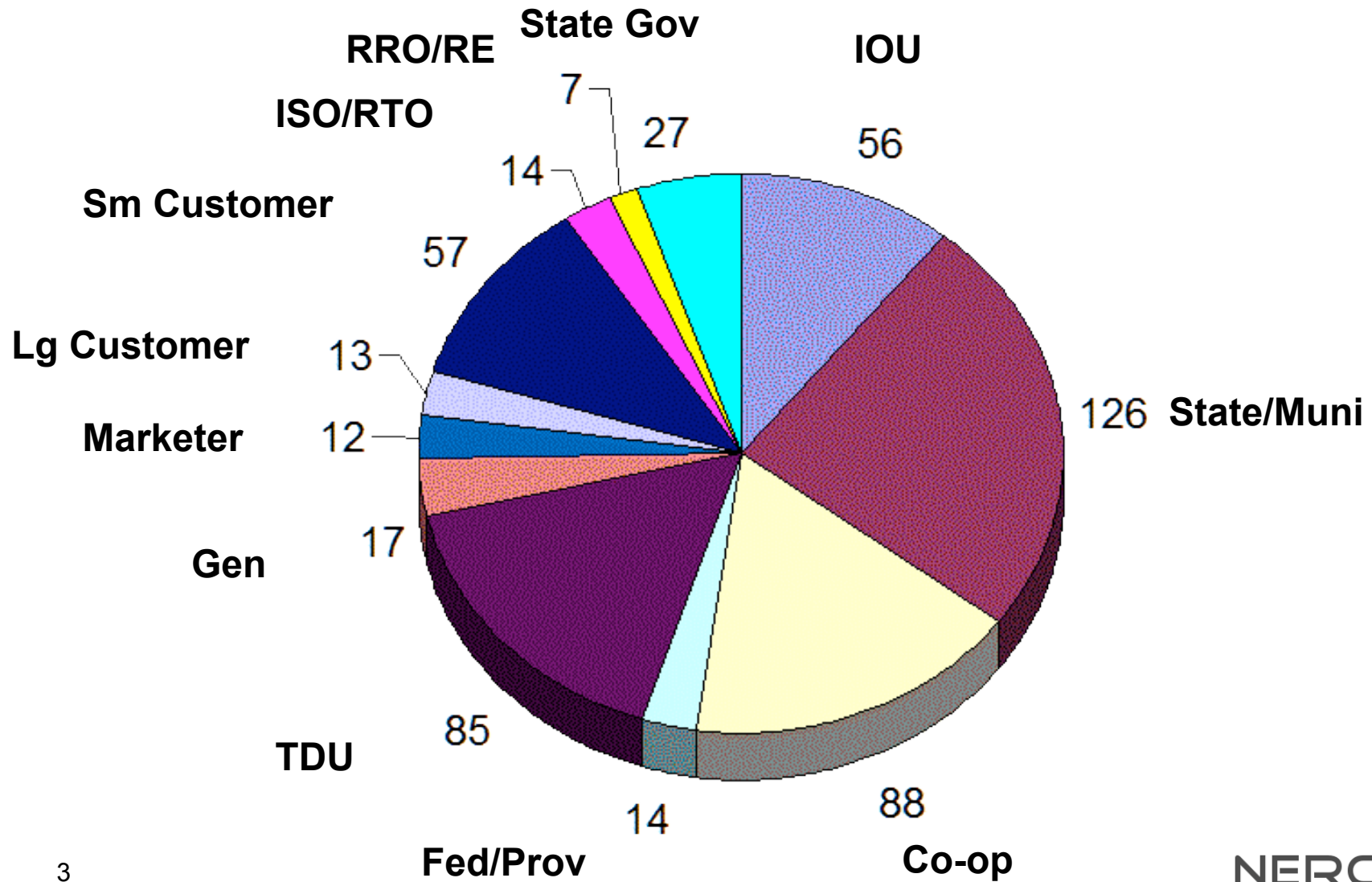
Vice President & General Counsel

March 16, 2007

# A Continental Power System



# NERC Members: 516



# Program areas

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- Developing reliability standards
- Monitoring and enforcing compliance
- Assessing and reporting on system adequacy
- Maintaining situational awareness and critical infrastructure protection
- Evaluating reliability readiness
- Training

# Scope of Reliability Standards

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- **BAL** Resource and Demand Balancing
- **MOD** Modeling, Data, and Analysis
- **CIP** Critical Infrastructure Protection
- **ORG** Organization Certification
- **COM** Communications
- **PER** Personnel Performance, Training, and Qualifications
- **EOP** Emergency Preparedness and Operations
- **PRC** Protection and Control
- **FAC** Facilities Design, Connections and Maintenance
- **TOP** Transmission Operations
- **INT** Interchange Scheduling and Coordination
- **TPL** Transmission Planning
- **IRO** Interconnection Reliability Operations and Coordination
- **VAR** Voltage and Reactive

# Final FERC Rule on Reliability Standards

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- Approved 83 standards
- Effective date 60 days from Federal Register publication
- Required improvements in 56 standards
- 24 standards held in abeyance
- Accepted NERC definition of “bulk electric system”
- Accepted NERC compliance registry
- Rulemaking on cyber security standards yet to come

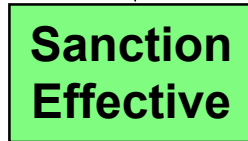
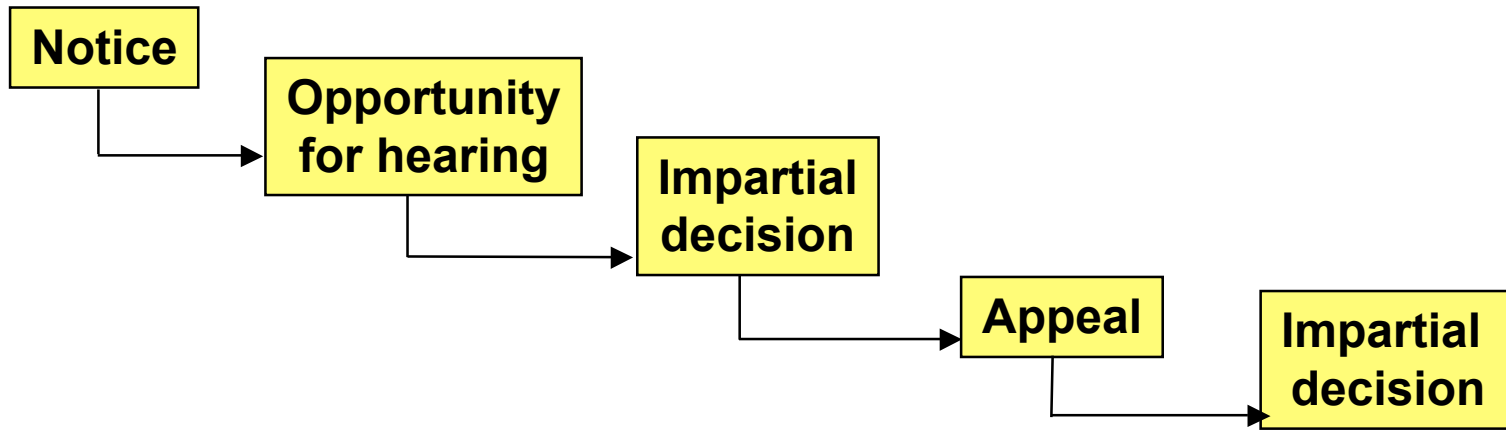
# Regional compliance & enforcement

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- Uniform Compliance Monitoring and Enforcement Program
- Delegation agreements with eight regions
- Expect FERC action in April 2007

# Compliance Enforcement Program

NERC (or Regional Entity)(or another entity)

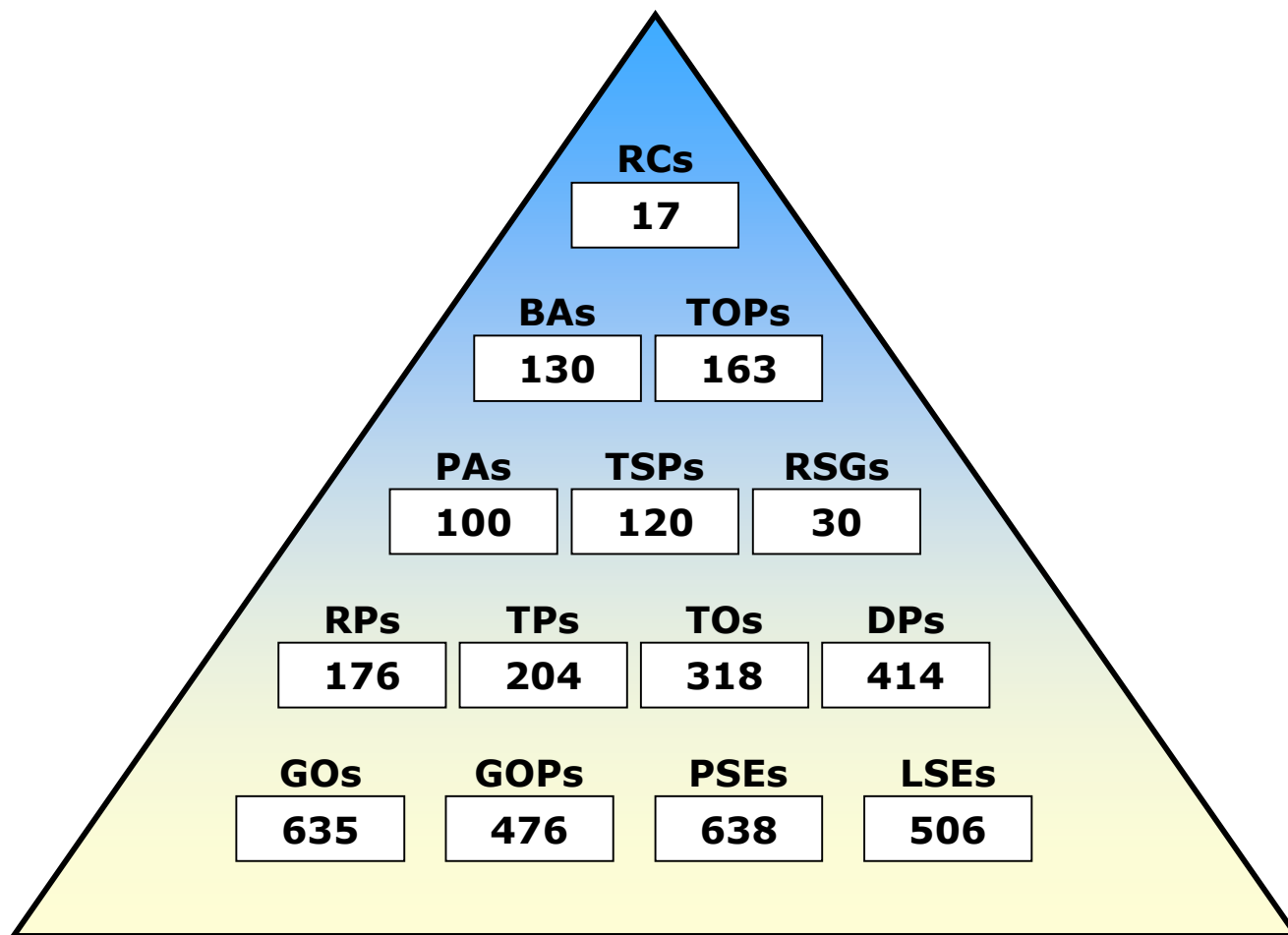


# Compliance Registry

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- List of those NERC and regions will hold responsible
- Subset of “owners, operators, and users”
- Clear notice
  - NERC and regional entities know
  - Responsible entities know
- Dynamic list
- April 2007

# Compliance Registry by Function



# Breakdown of Compliance Registry

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<b>Region</b>	<b>Number of Entities</b>	<b>Total Functions</b>
<b>ERCOT</b>	<b>198</b>	<b>229</b>
<b>FRCC</b>	<b>100</b>	<b>330</b>
<b>MRO</b>	<b>74</b>	<b>360</b>
<b>NPCC</b>	<b>310</b>	<b>732</b>
<b>RFC</b>	<b>225</b>	<b>562</b>
<b>SERC</b>	<b>141</b>	<b>503</b>
<b>SPP</b>	<b>106</b>	<b>386</b>
<b>WECC</b>	<b>214</b>	<b>825</b>
<b>Total</b>	<b>1368</b>	<b>3927</b>

# NERC Sanction Guidelines

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- Foster climate of compliance
- Internal corporate compliance programs
- Self-reporting
- Settlements
- Mitigation plans
- Financial penalties
- Remedial action directives