

# NERC

NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

## Key Compliance Trends

to ensure  
the reliability of the  
bulk power system

# Key Compliance Trends

- The number of violations received each month exceeds the total monthly violations approved by the BOTCC or dismissed, but the BOTCC approved violations are increasing each month
  - The use of the administrative citation process should help to increase the number of violations approved by the BOTCC each month
  - Supporting slides 9, 10, and 11

# Key Compliance Trends

- CIP 002-009 violations ramp up is in accordance with the implementation plans, unlike 693, but CIP steady state timing should be similar to 693
  - A tapering off has recently been exhibited as a result of all entities and all requirements moving through the implementation plans
  - Supporting slide 16

# Key Compliance Trends

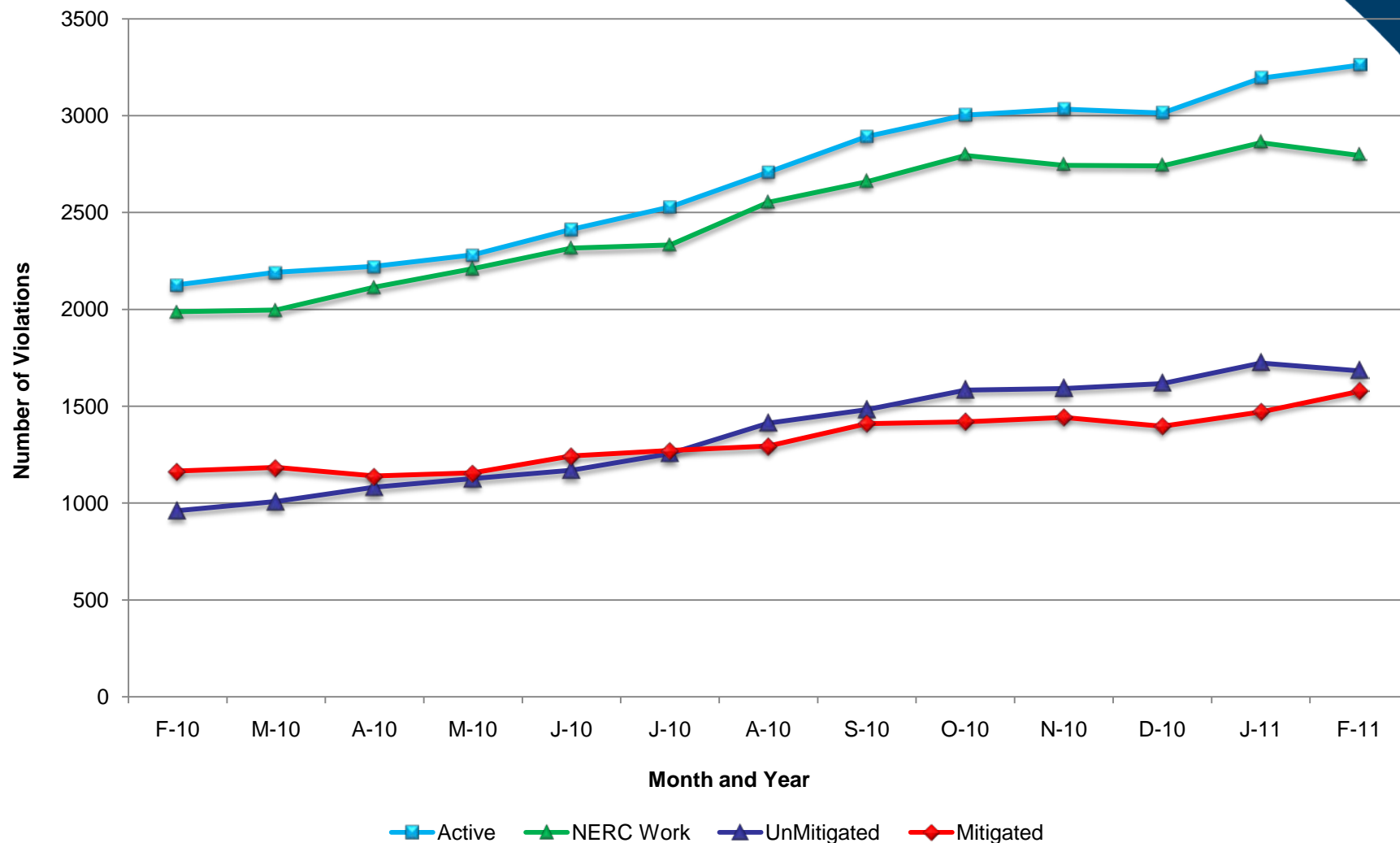
- Over 50 percent of all active violations are not yet mitigated
  - The regions should consider evaluating the appropriateness of violation mitigation plan durations and continue to monitor mitigation milestones and completion dates
  - Supporting slides 7,18,19 and 20

# Key Compliance Trends

- The high number of violations without mitigation plans is beginning to decline
  - The industry has been positively reacting to this observation by submitting mitigation plans earlier in the process.
  - Supporting slides 17,18, and 19

- The number of new violations received in February is about the same as last month.
  - In February 2011, 49% (103 of 211) of the new violations submitted were CIP violations compared to 51% (111 of 218) in January.
  - 6 month violation receipt average (September 1, 2010 through February 2011) = 196 violations/month
  - 211 violations received in February 2011 compared to 218 violations received in January 2011

# Compliance Processing Statistics

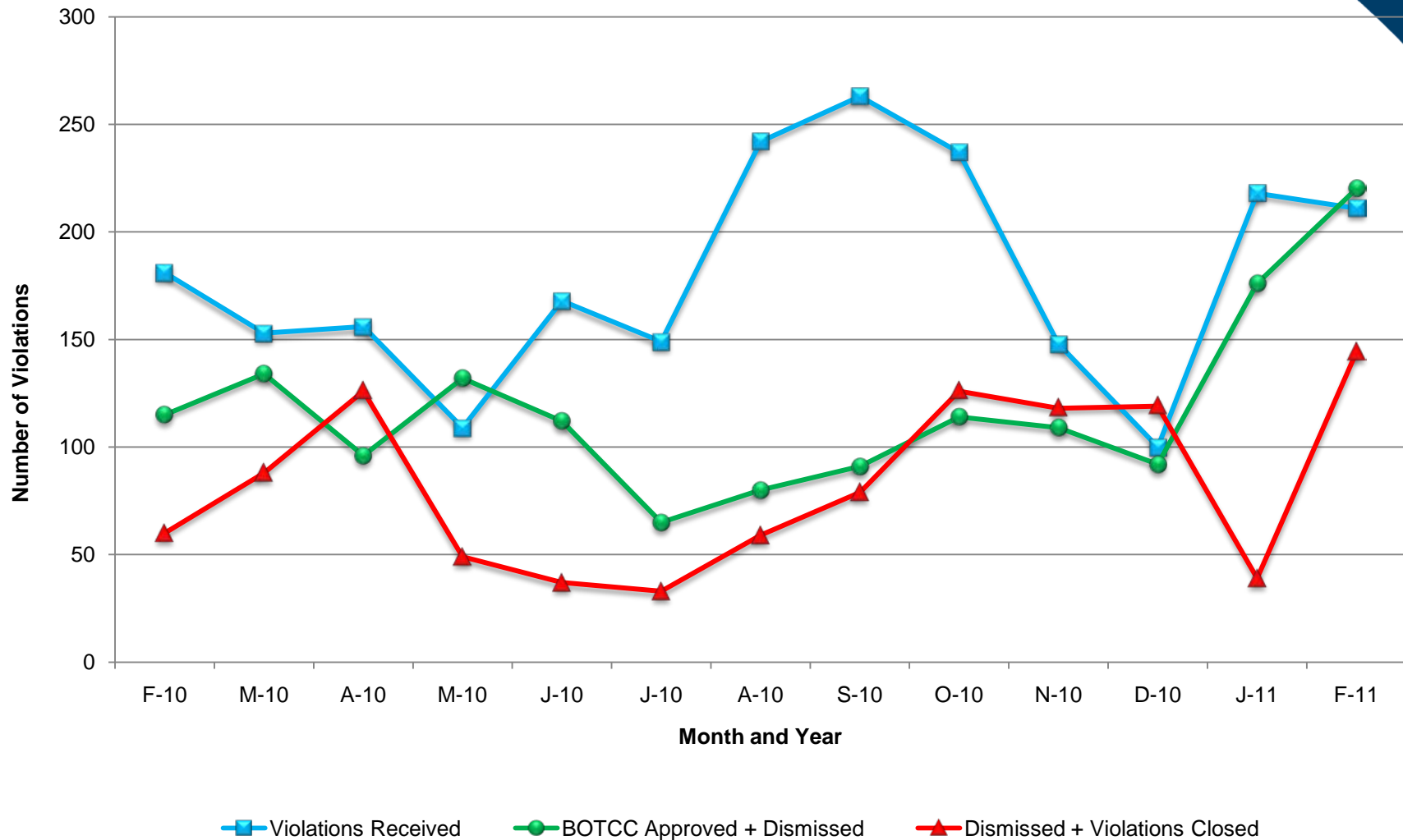




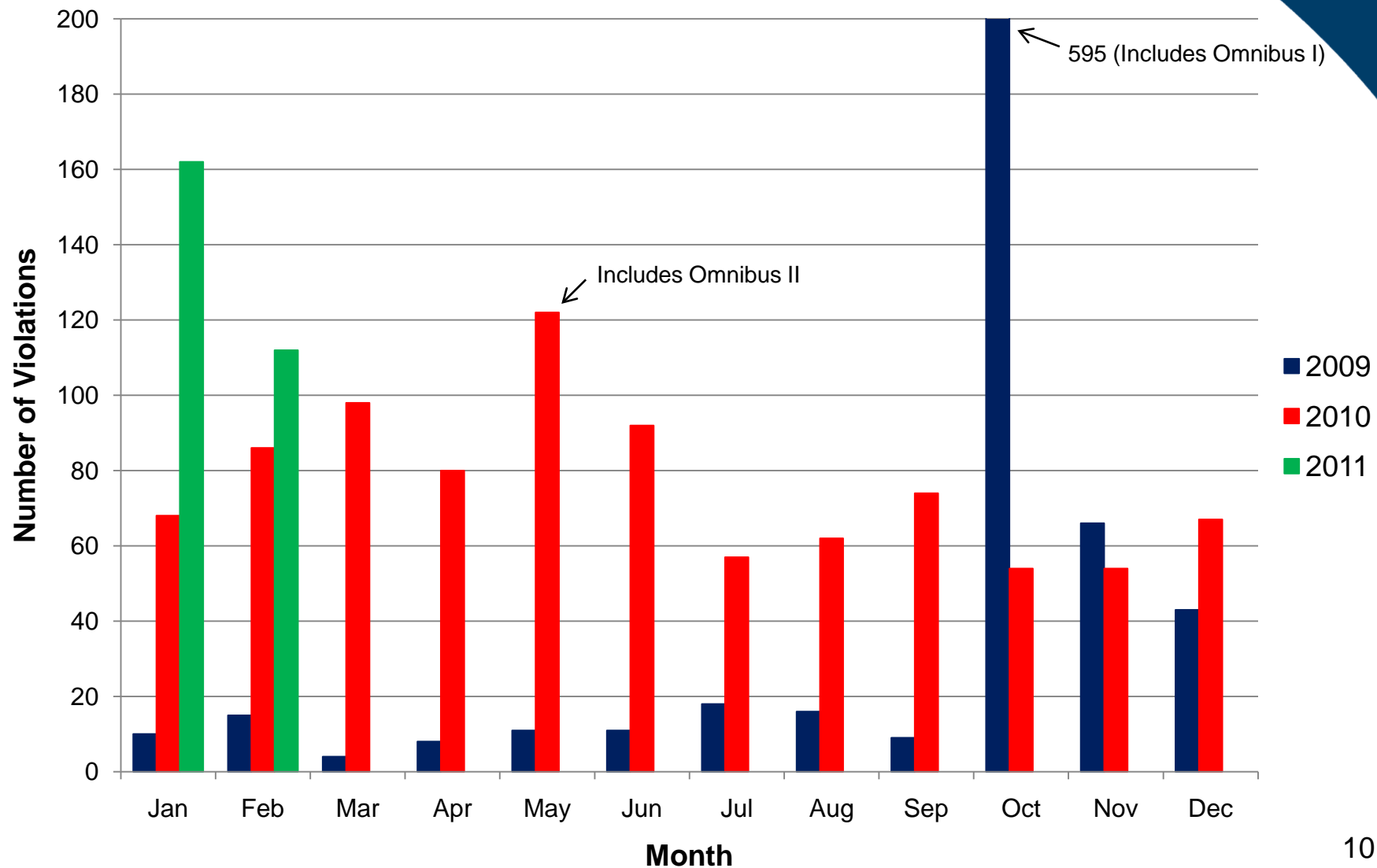
- **Active** – All Violations that have not been Closed or Dismissed
  - *Closed Violations have all the following characteristics: Violation NOP approved by FERC, Verified Completion of Mitigation Plan, and Payment of any associated Penalties.*
- **NERC Work** – Active Violations minus Violation Sub State I (NERC Issues NOP)
- **Unmitigated** – Violations where Mitigation Plans have not been received or not yet been closed minus completed Mitigation Plans that NERC is reviewing
  - *Closed Mitigation Plan: Regional Entity has Verified Completion of all Mitigated Elements specified by Plan*
- **Mitigated** – Active Violations minus Unmitigated
- **Deem Date** – Date of the violation which the Regional Entity is using for purposes of calculating penalties and / or sanctions



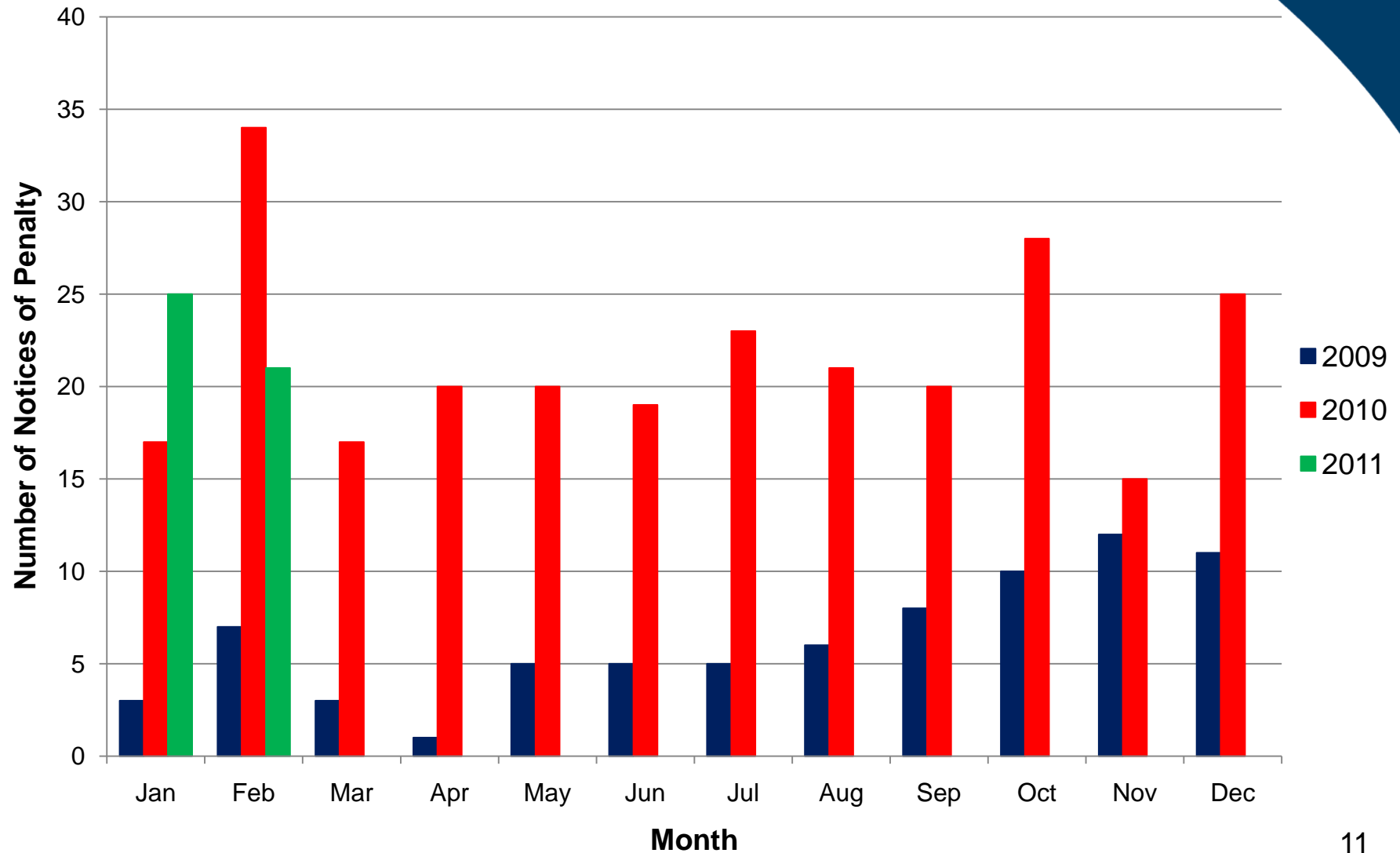
# Violation In/Out Trend



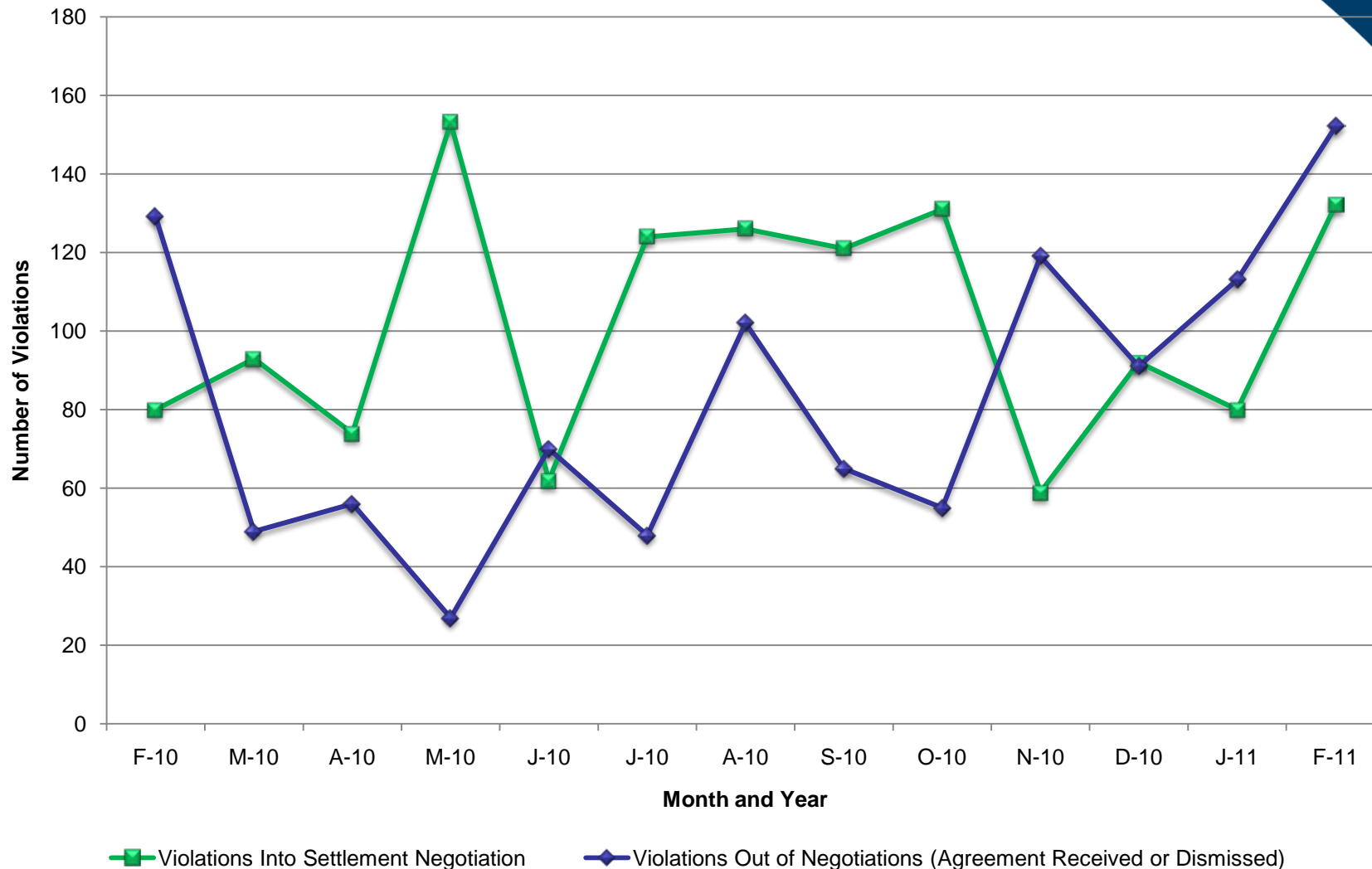
# Violations Approved by the BOTCC



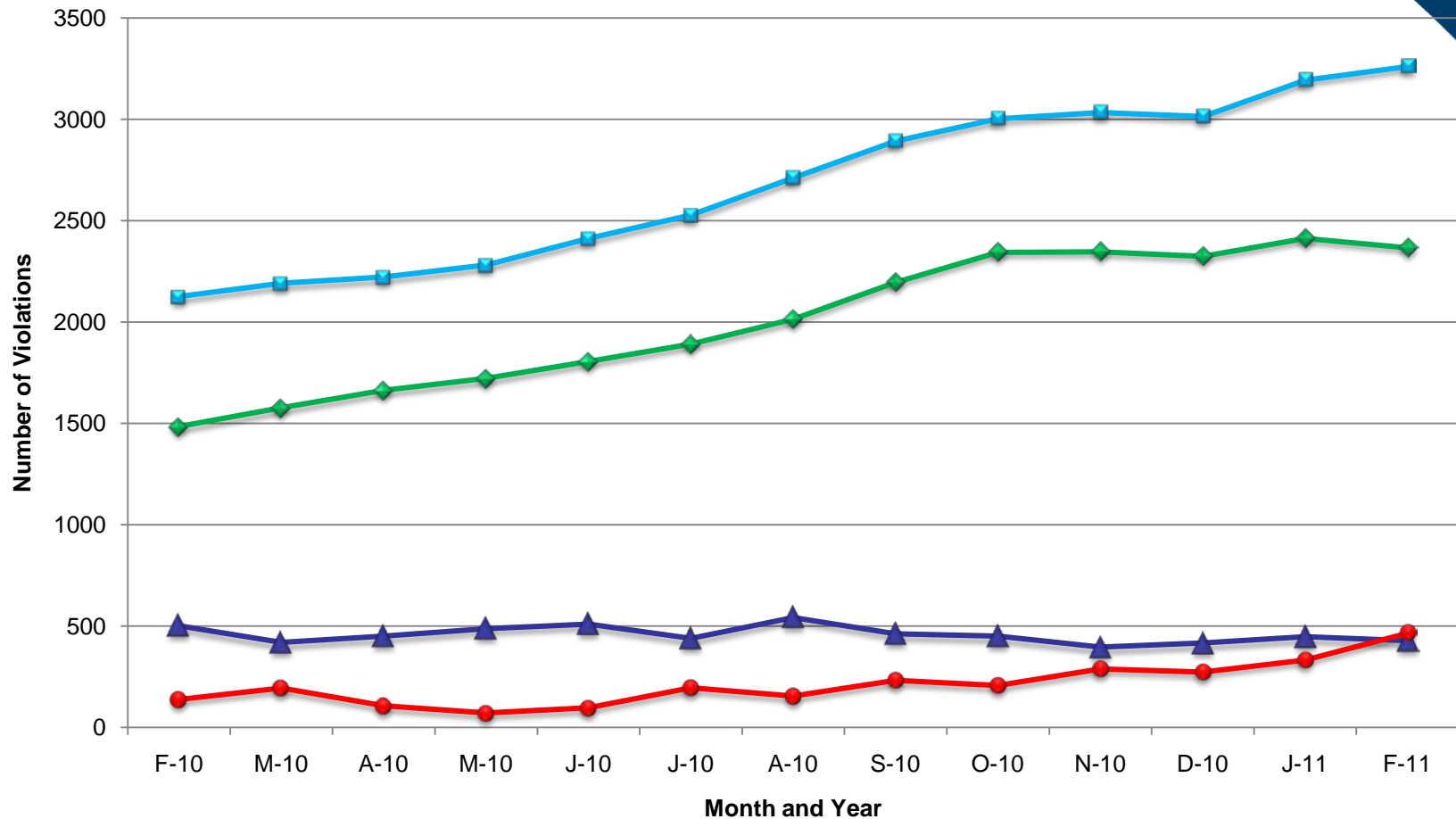
# Notices of Penalty Approved by the BOTCC



# Settlement Negotiation Trend

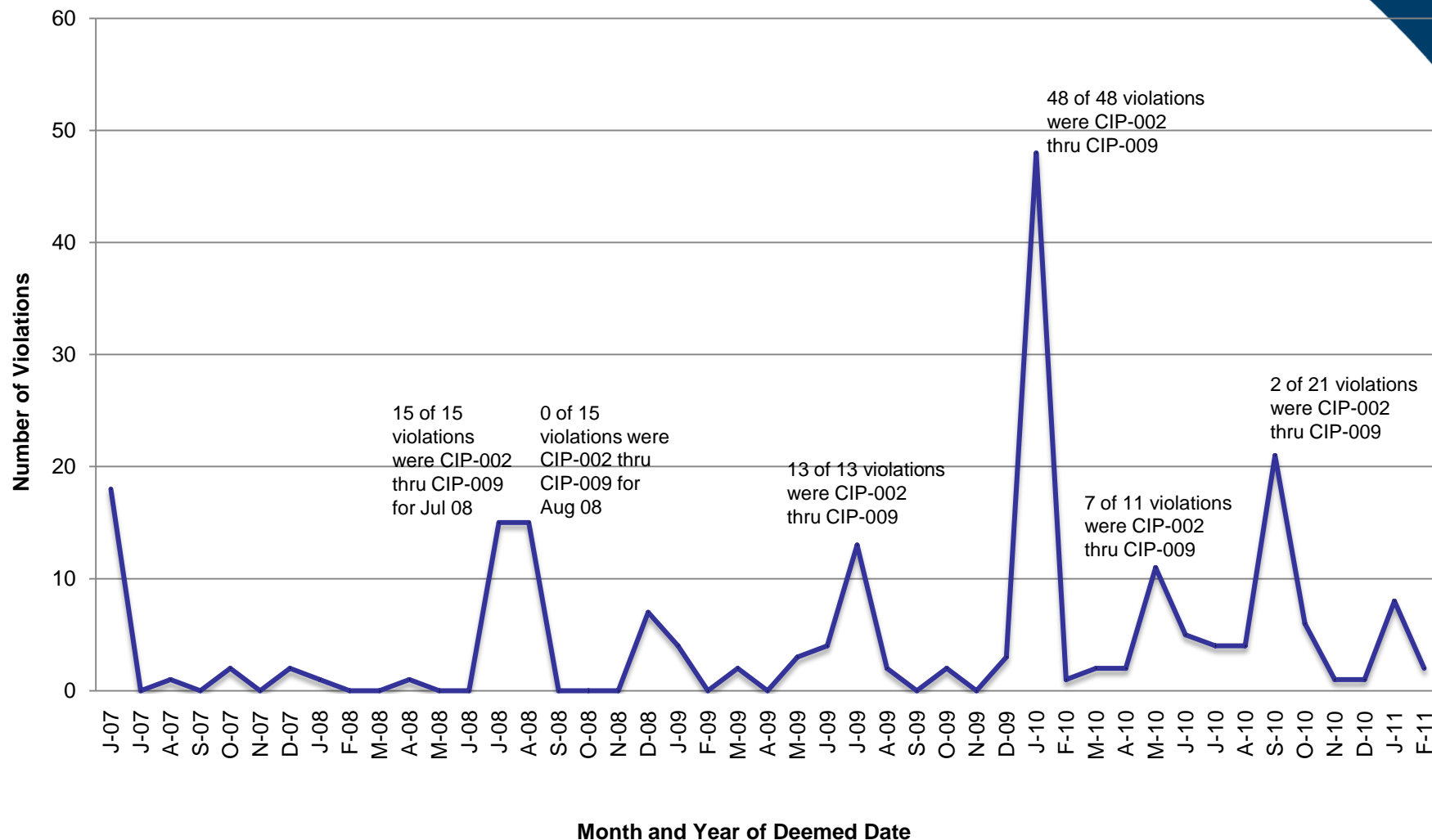


# Violations Active at NERC and Regional Entities

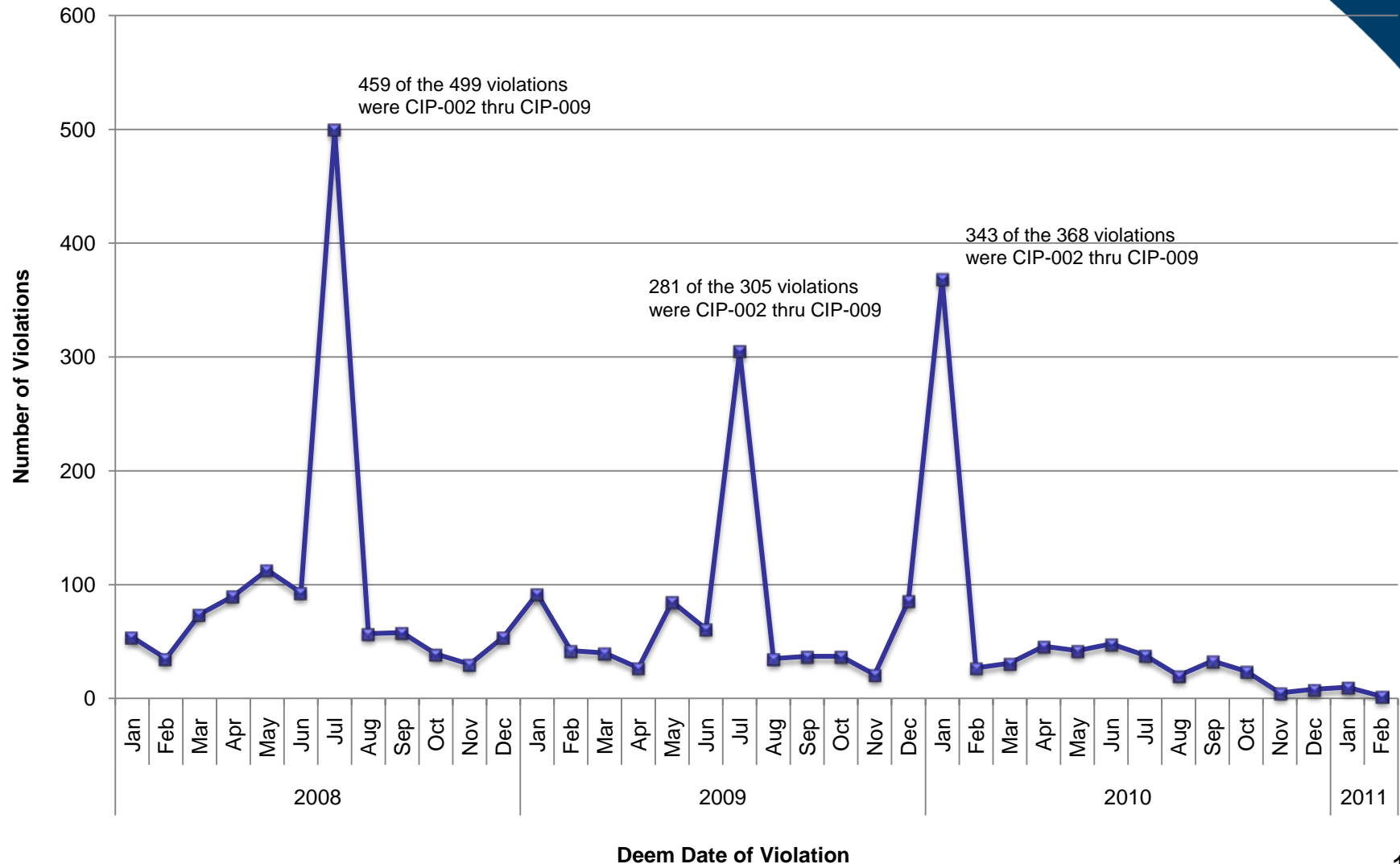


■ Active Violations    ◆ Violations at Region    ▲ Violations at NERC (Sub State H)    ● NERC issues NOP (Sub State I)

# Deem Dates from February 2011 Violations (211 Violations)

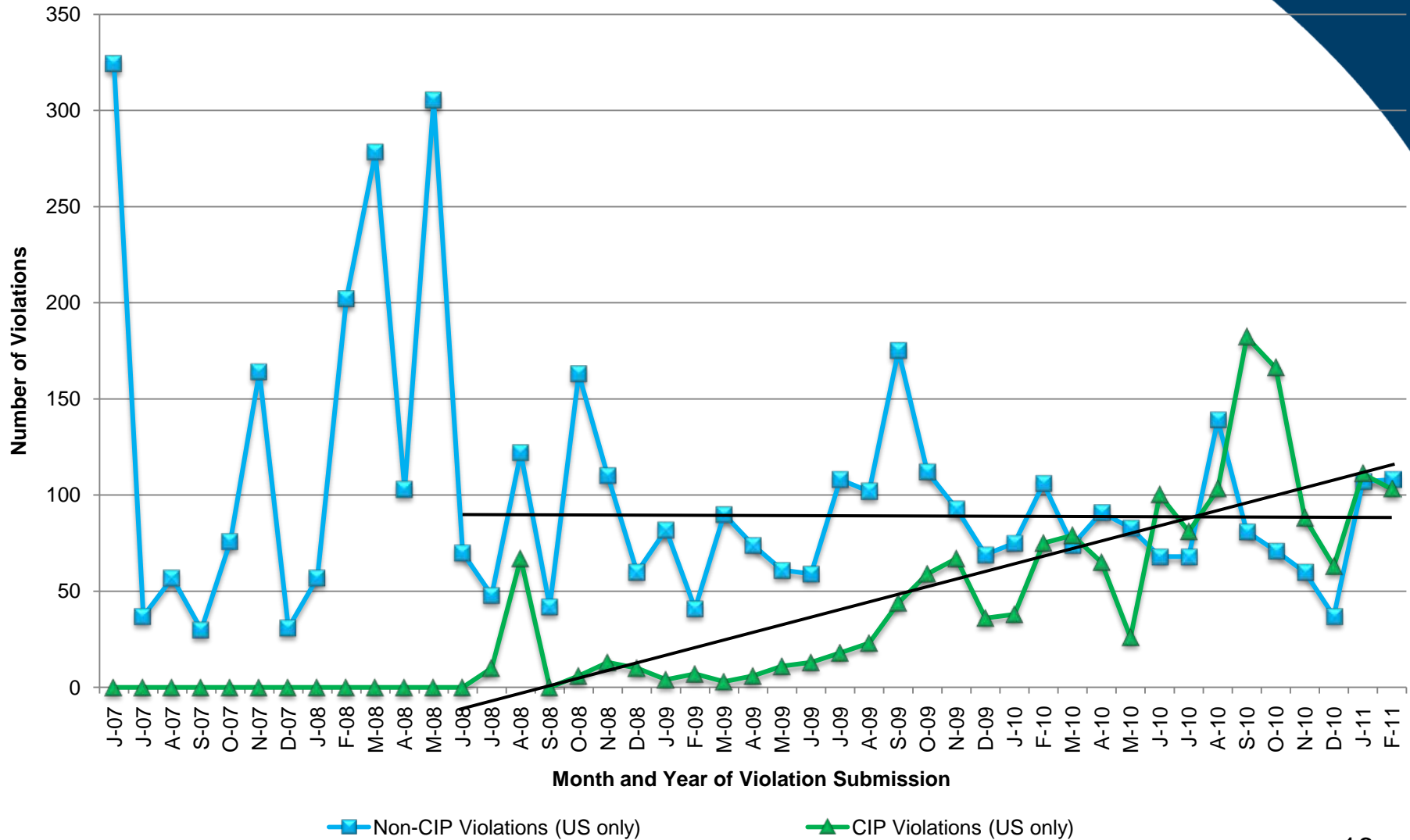


# Deem Date Trend for Active and Closed Violations

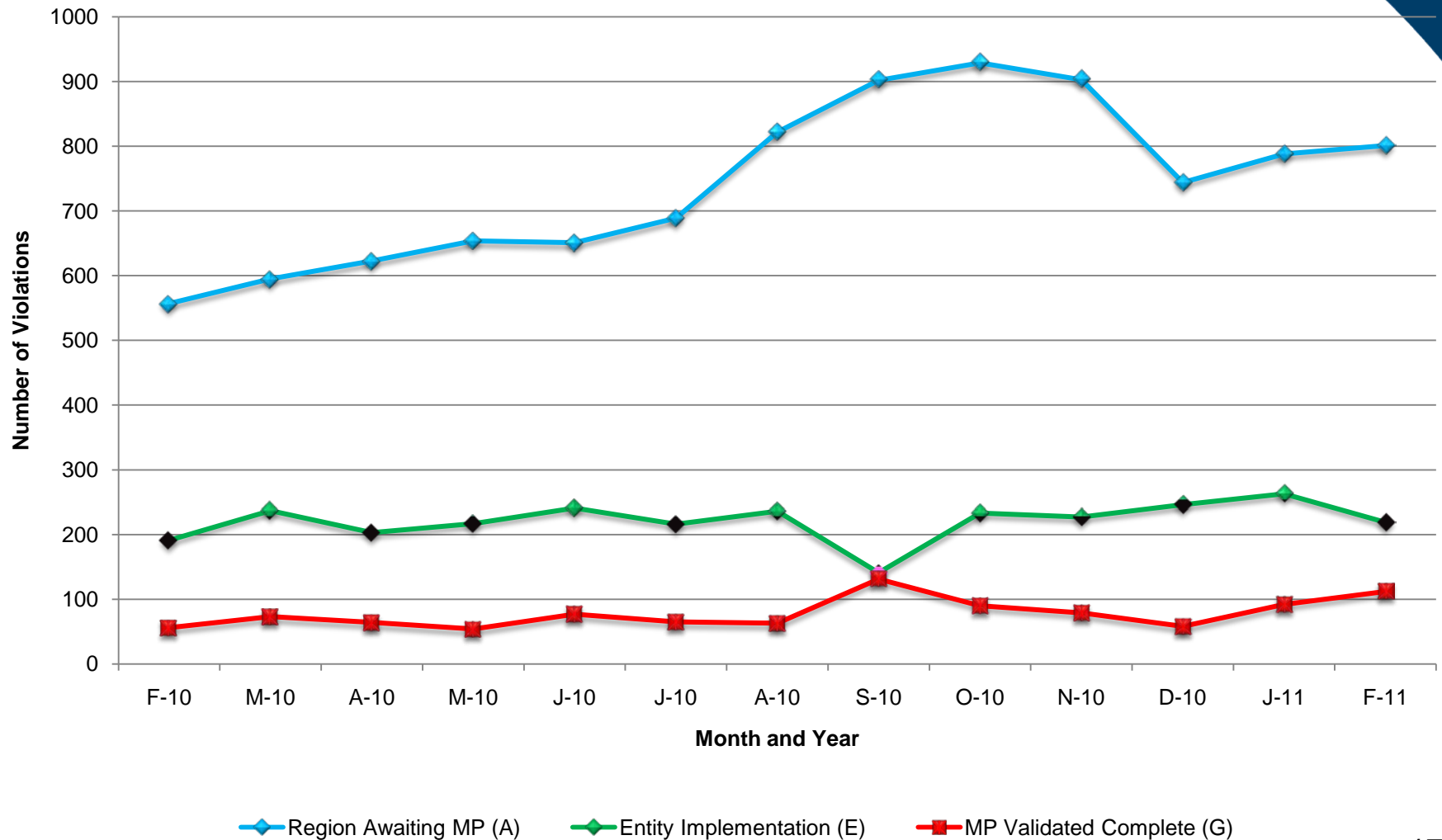




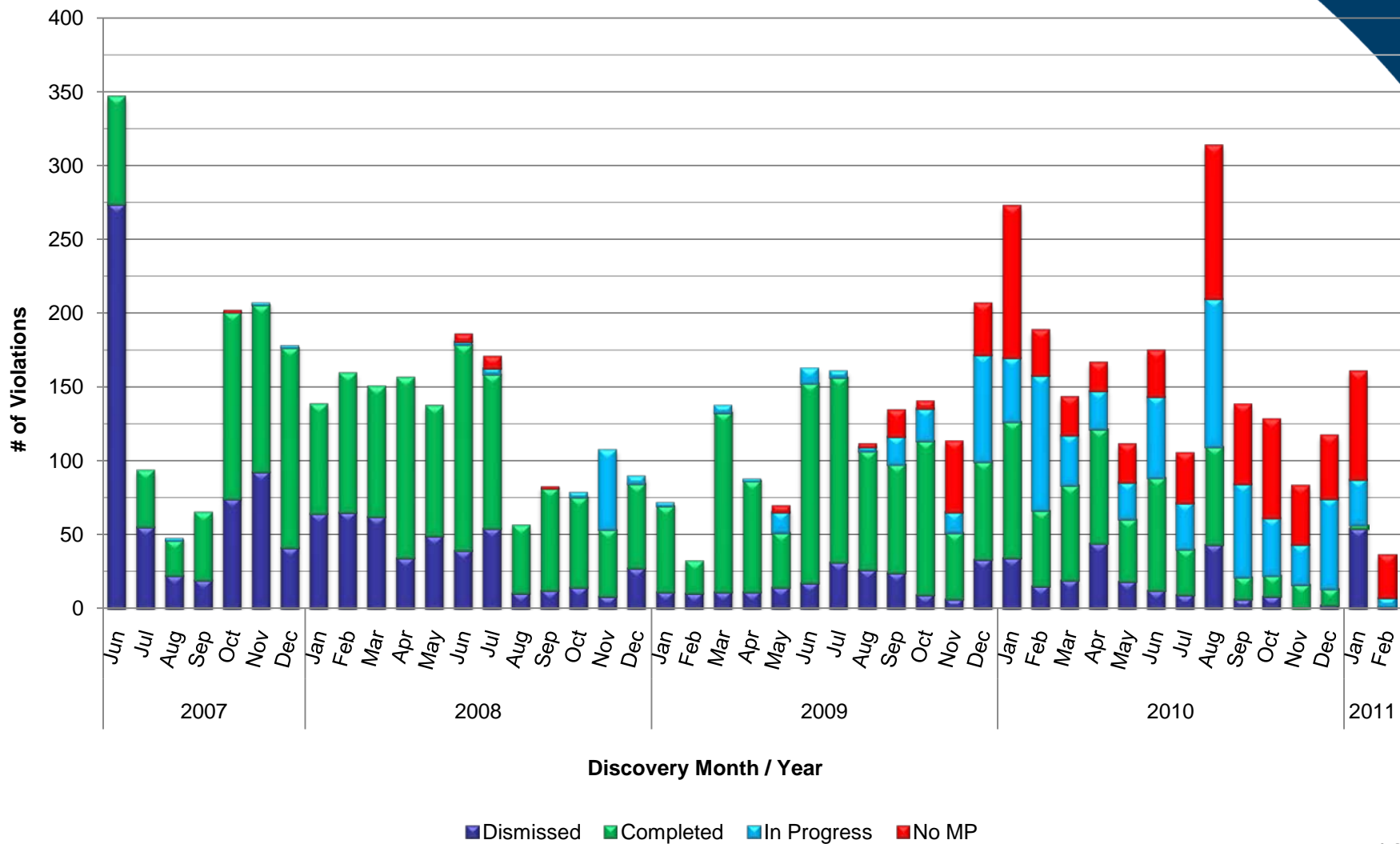
# CIP versus Non-CIP Violation Trend – All time



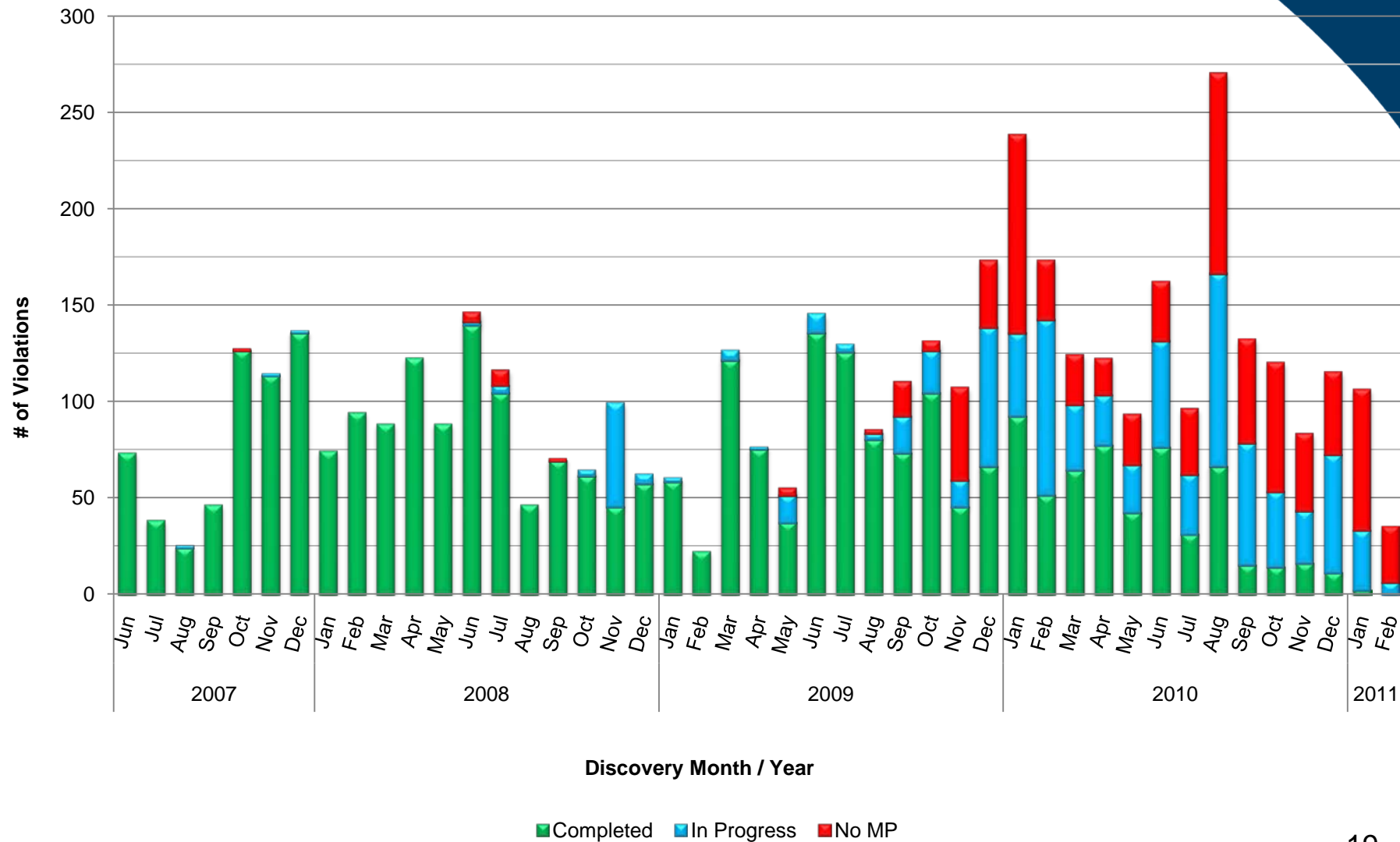
# Mitigation Status



# Mitigation Plan Status by Discovery Month for ALL Violations - June 2007 thru February 2011

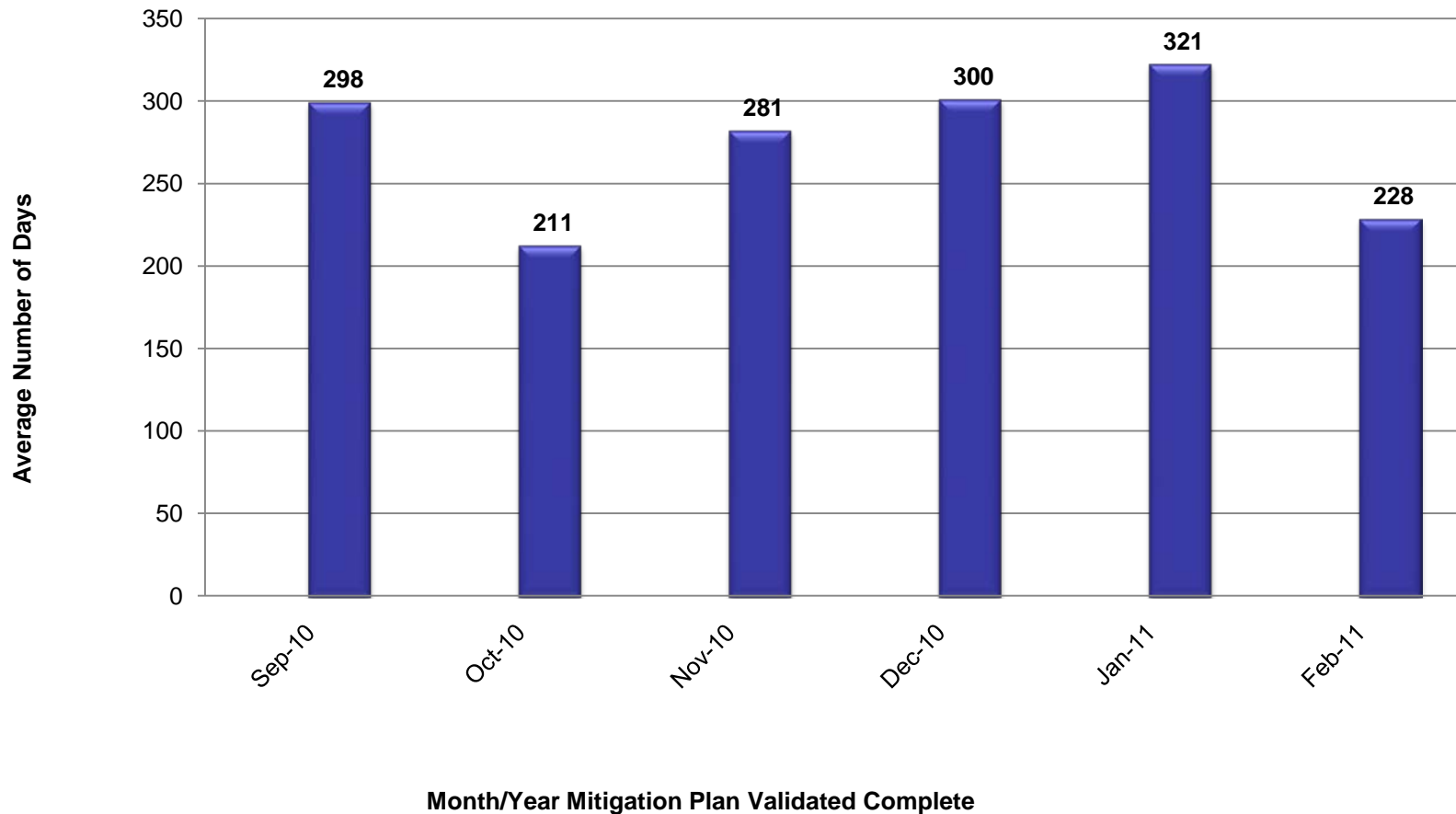


# Mitigation Plan Status by Discovery Month for Active Violations - June 2007 thru February 2011



# Rolling Six Month MP - Average days to Validate September 1, 2010 thru February 28, 2011

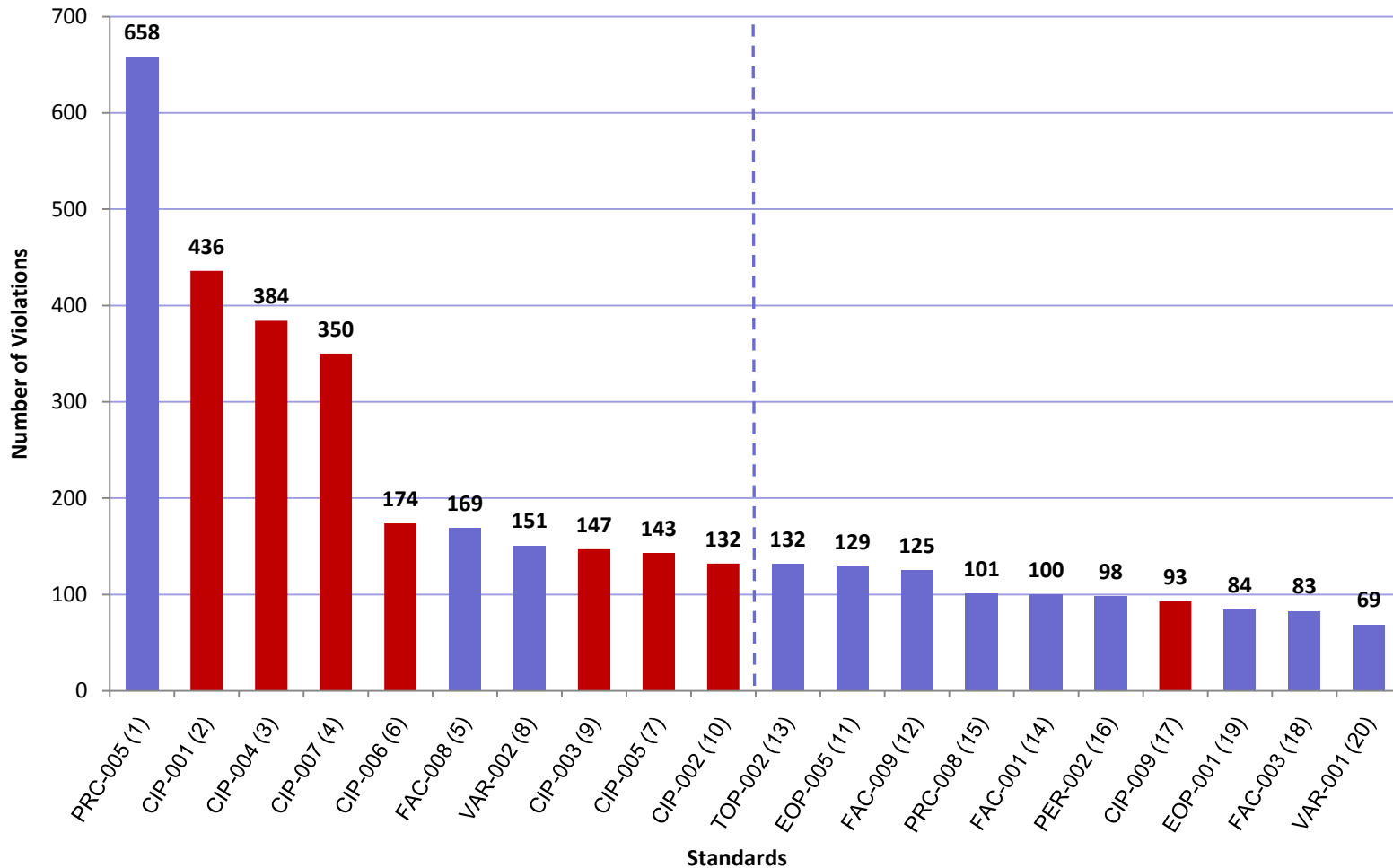
**Total of 557 violations with a 6 month average days to validate of 274**



# TOP TEN MOST VIOLATED STANDARDS

# TOP 20 FERC Enforceable Standards

## All Time Violations thru 2.28.2011

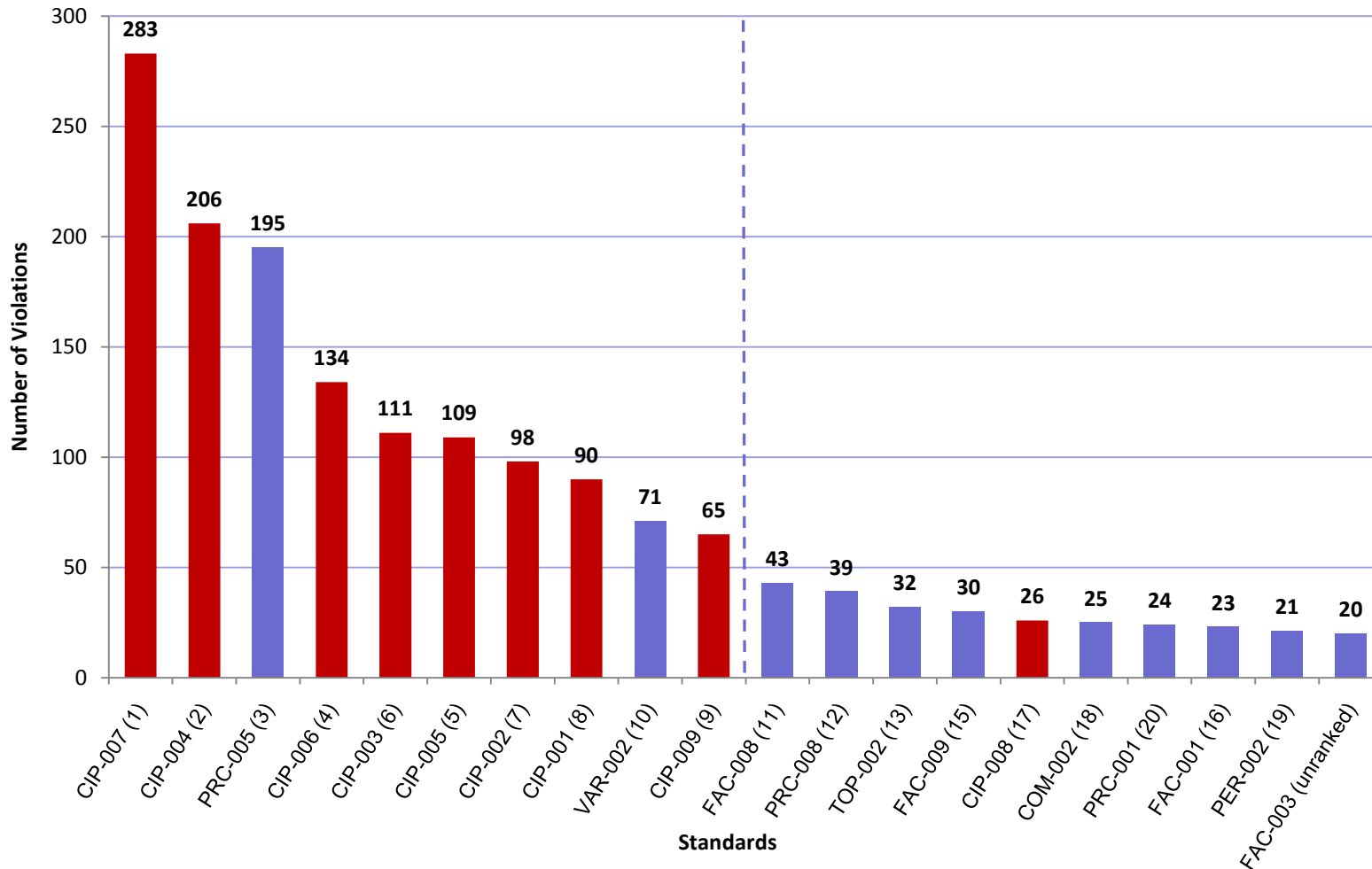


Analysis Complete: PRC-005, CIP-004, FAC-008, FAC-009, CIP-001, VAR-002, PER-002, CIP-006, CIP-007



# TOP 20 FERC Enforceable Standards – Rolling 12 Months

Submit Dates: 3/1/2010 thru 2/28/2011

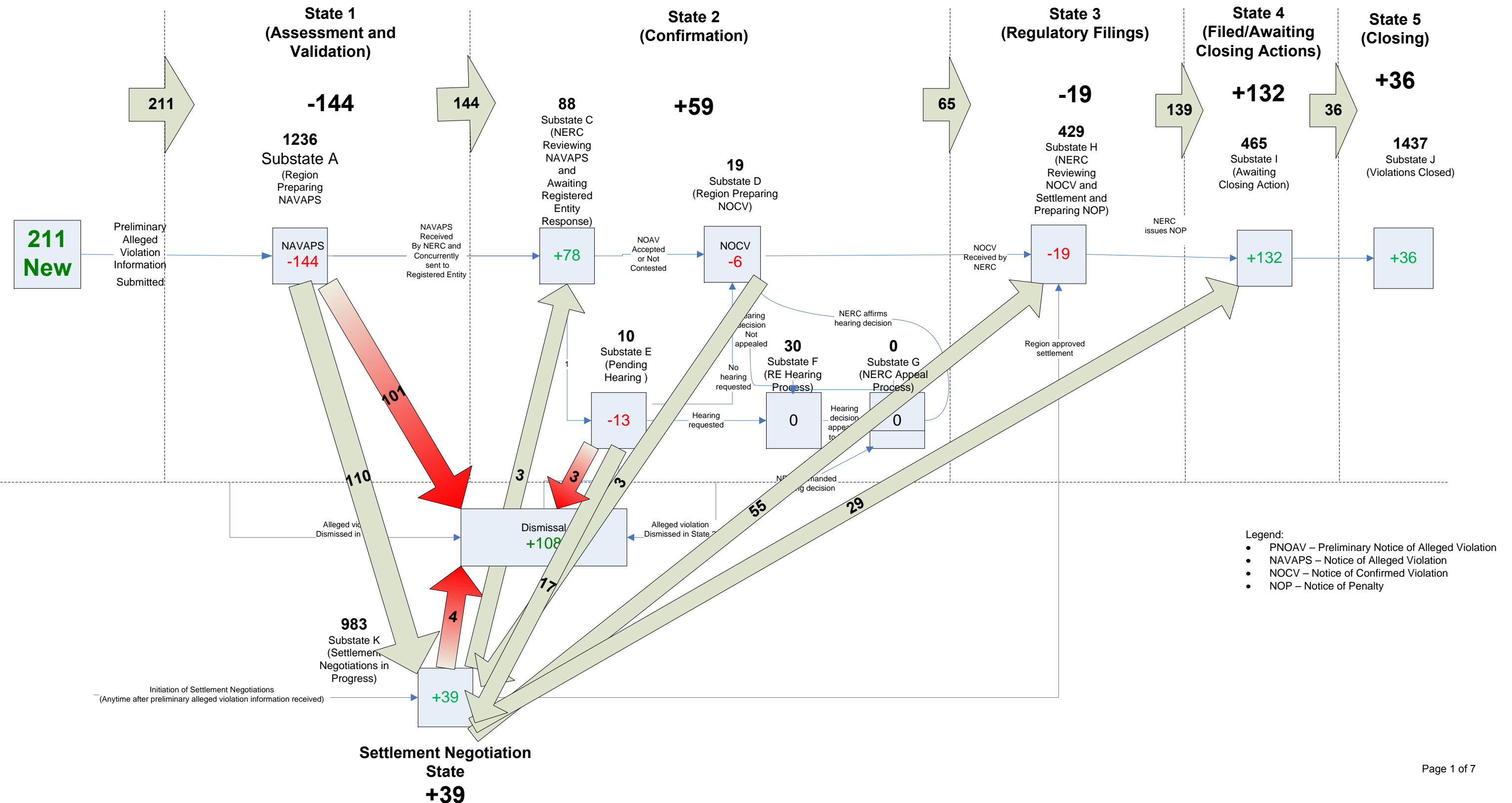


Analysis Complete: PRC-005, CIP-004, FAC-008, FAC-009, CIP-001, VAR-002, PER-002, CIP-006, CIP-007

# MONTHLY REPORTING UPDATES

# Violation Process States and Underlying Process Sub states

Snapshot comparison between February 1, 2011 and February 28, 2011



C-RATS Violation Process State Summary Table — Active FERC Enforceable Alleged Violations

Below is a breakdown, as of February 28, 2011 of the Compliance Monitoring and Enforcement Program (CMEP) Violation “state” summary for the 4697 active violations.

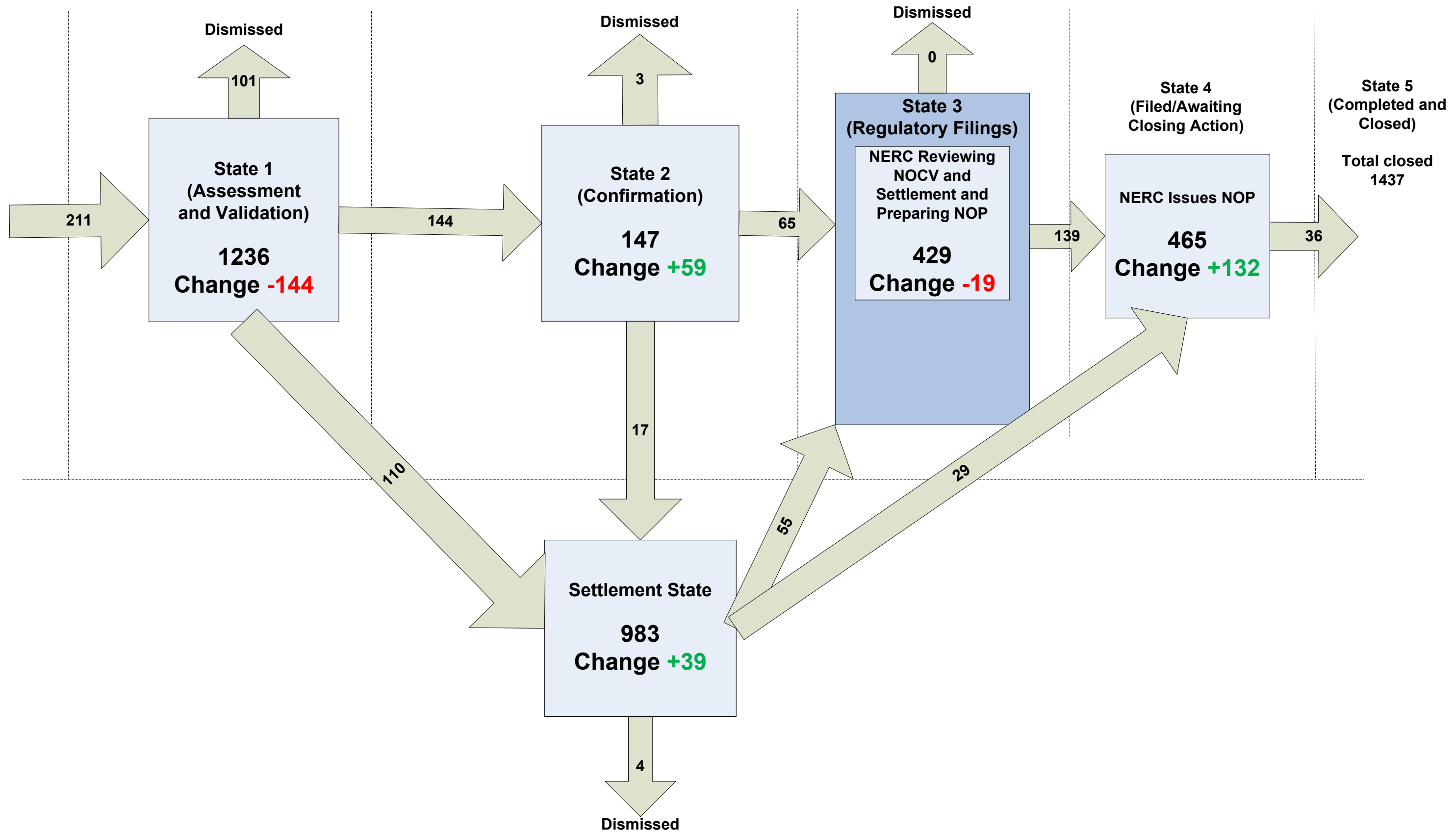
	State 1	State 2						State 3	State 4	State 5	
	Assessment and Validation	Confirmation					Settlement	Regulatory Filings	Filed/Awaiting Closing Actions	Completed and Closed	
Region (New)	Substate A (NERC Reviewing)	Substate C (NERC Reviewing NAVAP and awaiting RE Response)	Substate D (Region Preparing NOCV)	Substate E (Pending Hearing)	Substate F (RE Hearing Process)	Substate G (NERC Appeal Process)	Substate K (Settlement Negotiations)	Substate H (NERC Reviewing NOCV / Settlement)	Substate I (NERC Issues NOP)	Substate J (Violation Closed)	Total
FRCC (5)	15	0	0	0	0	0	164	4	83	60	326
MRO (15)	74	0	0	0	0	0	13	6	56	55	204
NPCC (10)	33	0	7	3	0	0	33	20	31	55	182
RFC (20)	333	0	0	0	0	0	64	123	69	108	697
SERC (10)	239	0	0	0	2	0	190	0	35	229	695
SPP (30)	146	0	0	0	0	0	175	11	59	56	447
TRE (97)	119	10	2	0	0	0	26	5	31	28	221
WECC (14)	223	78	10	7	28	0	318	260	101	829	1854
NERC (10)	54	0	0	0	0	0	0	0	0	17	71
TOTAL (211)	1236	88	19	10	30	0	983	429	465	1437	4697
Percentage of Total	26.31%	1.87%	0.40%	0.21%	0.64%	0.00%	20.93%	9.13%	9.90%	30.59%	
State Totals	1236	147					983	429	465	1437	

**Definitions**  
Substate A = Preliminary Notice of Alleged violation information has been received from the Region and NERC is awaiting receipt of Notice of Alleged Violation Proposed Penalty or Sanction from the Region.  
Substate C = NERC has received Notice of Alleged Violation Proposed Penalty or Sanction and is awaiting acceptance, auto acceptance or contest.  
Substate D = Region received acceptance letter from Registered Entity, or 30 day clock expired and violation is Auto Accepted and is now Confirmed.  
Substate E = Region has received letter contesting violation from Registered Entity.  
Substate F = Region has received request for Hearing from Registered Entity.  
Substate G = NERC has received request for Appeal from Registered Entity.  
Substate H = NERC has received a Notice of Confirmed Violation or a Settlement Agreement from the Region.  
Substate I = Violation is Confirmed/Settled and a Notice of Penalty has been issued by NERC to Registered Entity and submitted to FERC.  
Substate J = Payment of Penalties, Fulfillment of Sanctions, Completion of Mitigation Plan, Exhaustion of Administrative and Judicial Remedies, and Fulfillment of Settlement terms have all been met and violation is closed.  
Substate K = Settlement negotiations are in progress.

\* Includes new violations received through 2/28/2011.

# Violation Process States

Snapshot comparison between February 1, 2011 and February 28, 2011



# C-RATS

## Pending Violations Summary by Process Steps

### FERC Enforceable Alleged Violations Summarized by State

Below is a breakdown, as of February 28, 2011, of the Compliance Monitoring and Enforcement Program (CMEP) Violation Process Steps summarized by State for the 4697 FERC enforceable violations.

	Assessment and Validation	Confirmation	Settlement	NERC Enforcement Actions	Awaiting Closing Actions	Completed and Closed		Dismissed	
Region							Sub-Total		Total
FRCC	15	0	164	4	83	60	326	100	426
MRO	74	0	13	6	56	55	204	61	265
NPCC	33	10	33	20	31	55	182	33	215
RFC	333	0	64	123	69	108	697	70	767
SERC	239	2	190	0	35	229	695	79	774
SPP	146	0	175	11	59	56	447	81	528
TRE	119	12	26	5	31	28	221	46	267
WECC	223	123	318	260	101	829	1854	961	2815
NERC	54	0	0	0	0	17	71	36	107
<b>TOTAL</b>	<b>1236</b>	<b>147</b>	<b>983</b>	<b>429</b>	<b>465</b>	<b>1437</b>	<b>4697</b>	<b>1467</b>	<b>6164</b>

\* Includes new violations received through 2/28/2011.

C-RATS Report Date: 3/2/2011

## C-RATS

### Summary of all Post June 18, 2007 Alleged Violations by Region

Below is a breakdown, as of February 28, 2011 of the Compliance Monitoring and Enforcement (CMEP) alleged violation summary for all 6201 violations.

	Dismissed	Previously Closed	Newly Closed	FERC Enforceable			Total Canadian Violations	Total
				Total	Normalized by Registered Entity	% Non-Document Related		
FRCC	100	60	0	266	2.27	59%	0	426
MRO	66	55	0	149	0.86	59%	7	277
NPCC	42	55	0	127	0.33	72%	14	238
RFC	70	106	2	589	1.14	74%	0	767
SERC	79	214	15	466	1.42	62%	0	774
SPP	81	54	2	391	2.09	52%	0	528
TRE	46	28	0	193	0.62	63%	0	267
WECC	963	812	17	1025	1.52	52%	0	2817
NERC	36	17	0	54	10.80	96%	0	107
<b>TOTAL</b>	<b>1483</b>	<b>1401</b>	<b>36</b>	<b>3260</b>	<b>1.21</b>	<b>61%</b>	<b>21</b>	<b>6201</b>

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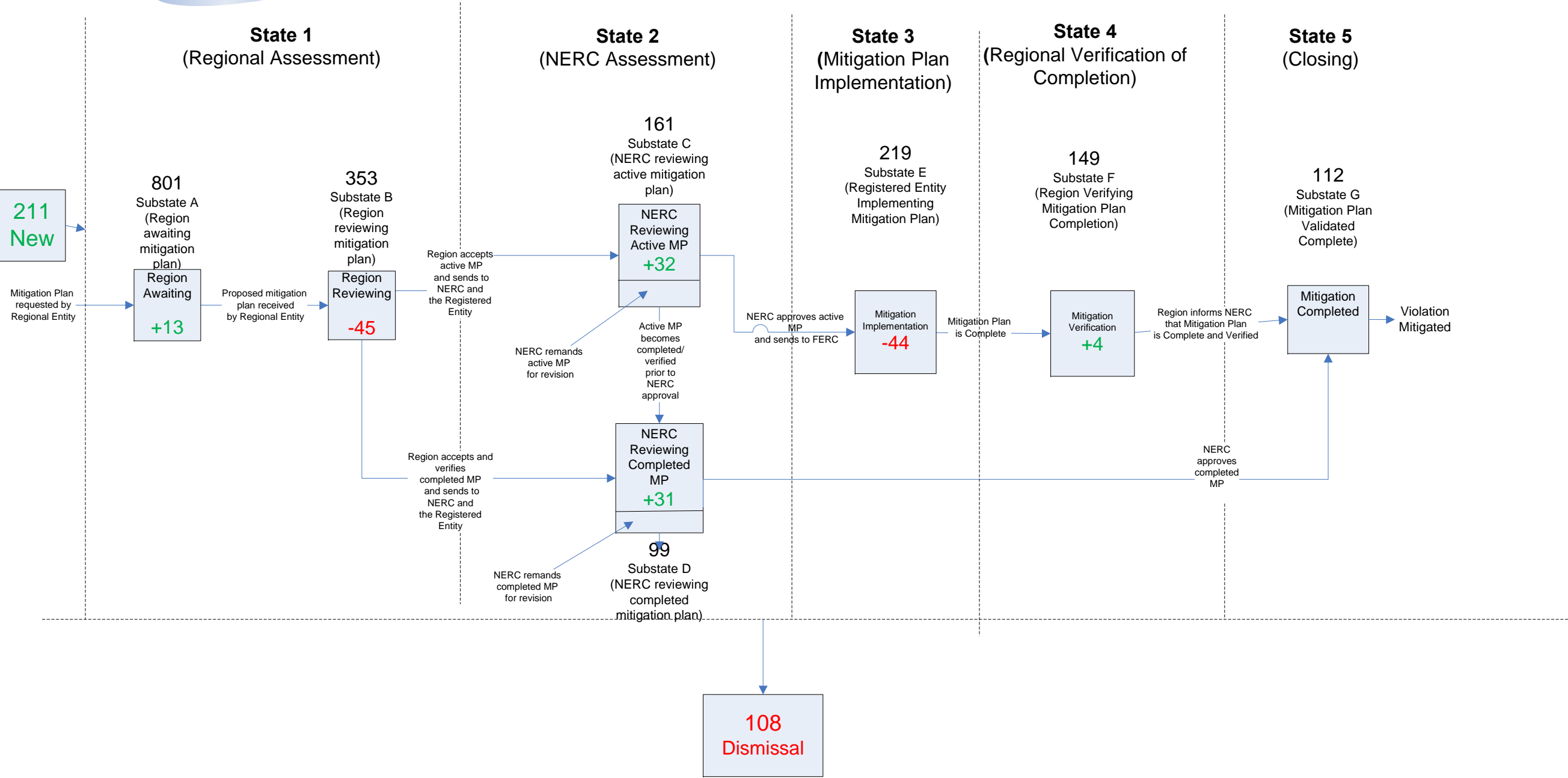
Includes new violations received through 2/28/2011.

C-RATS Report Date: 3/2/2011



# Mitigation Process States and Underlying Process Substates

Snapshot comparison between February 1, 2011 and February 28, 2011



## C-RATS Mitigation Plans Process State Table — Active FERC Enforceable Alleged Violations

Below is a breakdown, as of February 28, 2011, of the Compliance Monitoring and Enforcement Program (CMEP) Mitigation Plan “state” summary for the 1896 active violations.

Region	State 1 (Regional Assessment)		State 2 (NERC Assessment)			State 3 (Mitigation Plan Implementation)	State 4 (Regional Verification of Completion)	State 5 (Closing)	Total
	Substate A	Substate B	Substate C		Substate D	Substate E	Substate F	Substate G	
	Region Awaiting	Region Reviewing	Accepted MP Not Received from Region	NERC Reviewing Active MP	NERC Reviewing Completed MP	Registered Entity Implementation	Regional Verification of MP Completion	Mitigation Plan Validated Complete	
FRCC	10	16	3	1	10	28	13	0	81
MRO	66	1	0	2	0	13	2	1	85
NPCC	16	2	3	0	0	15	2	19	57
RFC	140	88	2	50	0	56	65	55	456
SERC	187	175	14	3	8	4	11	16	418
SPP	85	2	0	33	46	30	7	6	209
TRE	125	2	3	1	5	0	3	0	139
WECC	118	67	2	44	30	73	46	17	397
NERC	54	0	0	0	0	0	0	0	54
<b>TOTAL</b>	<b>801</b>	<b>353</b>	<b>27</b>	<b>134</b>	<b>99</b>	<b>219</b>	<b>149</b>	<b>112</b>	<b>1896</b>
<b>State Totals</b>	<b>1154</b>		<b>260</b>			<b>219</b>	<b>149</b>	<b>112</b>	

### Definitions

Substate A = Region is still awaiting receipt of mitigation plan from Registered Entity.

Substate B = Region has received mitigation plan and is reviewing.

Substate C = NERC has received mitigation plan and is reviewing. Also includes any mitigation plans not yet received by NERC.

Substate D = Mitigation plan has been verified completed by the Region but is still awaiting approval by NERC.

Substate E = Mitigation plan has been approved by NERC, and sent to FERC, but has not been completed.

Substate F = Mitigation Plan has been completed per Registered Entity but is being verified by the Region.

Substate G = Mitigation plan has been verified completed by Region, has been approved by NERC, and sent to FERC.

- Includes Mitigation Plans received through 2/28/2011.
- Mitigation information reported at the violation level.