



NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION



NERC Compliance Monitoring and Enforcement Program

Texas Reliability Entity, Inc.

2011 Implementation Plan

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Texas RE Compliance Monitoring and Enforcement Program

The North American Electric Reliability Corporation (NERC) Compliance Monitoring and Enforcement Program (CMEP) is developed under Section 215(c) of the Federal Power Act¹ to establish and enforce Reliability Standards for the Bulk Electric System (BES), subject to review by the Federal Energy Regulatory Commission (FERC) and in general accordance with the “Principles for an Electric Reliability Organization that can Function on an International Basis.”² The CMEP is designed to improve reliability through the effective and efficient enforcement of Reliability Standards.

To help fulfill its responsibilities under its rules filed with regulatory authorities, NERC, as the international Electric Reliability Organization (ERO), has delegated authority to monitor and enforce compliance with Reliability Standards of owners, operators and users of the BES to qualified Regional Entities, including Texas Reliability Entity, Inc. (Texas RE). This delegation is governed by delegation agreements that have been approved by the appropriate regulatory authorities (RDAs). NERC and these Regional Entities are responsible for carrying out the CMEP. This document is the Texas RE CMEP Implementation Plan, which describes the assessment and enforcement methods to be used by Texas RE in 2011 in its footprint, the Electric Reliability Council of Texas, Inc. (ERCOT) region, with NERC’s oversight and approval and in coordination with the 2011 NERC CMEP Implementation Plan.

NERC and the Regional Entities recognize that there are important reliability matters that require prompt communication to industry. NERC has used the Alerts/Advisory process to rapidly inform the industry of such matters. For example, NERC recently issued a **Recommendation to Industry, FAC-009-1 - Establish and Communicate Facility Ratings**, recommending that Transmission Owners and Generator Owners undertake a review of their transmission facility design versus as-built field conditions. The implementation plan strongly encourages the applicable Registered Entities to proactively address such communications as a way of demonstrating good utility practice and a strong culture of compliance.

¹ http://www.nerc.com/fileUploads/File/AboutNERC/HR6_Electricity_Title.pdf .

² Bilateral Electric Reliability Oversight Group, August 3, 2005 (the “Bilateral Principles”).

Introduction

The NERC CMEP Implementation Plan is the operating plan for annual compliance monitoring and enforcement activities to ensure that NERC, as the international ERO, and its Regional Entities fulfill their responsibilities under the legislation in the United States and other applicable obligations in other jurisdictions in Canada and Mexico. Currently, Reliability Standards are mandatory and enforceable in the U.S. and the Canadian provinces of British Columbia, Ontario, and New Brunswick. The Canadian province of Alberta has adopted some of the Reliability Standards and is in the process of reviewing others. The legislative framework to make standards mandatory and enforceable exists in Manitoba, Nova Scotia, and Quebec. In addition, Reliability Standards become mandatory upon NERC Board of Trustees action in Saskatchewan. The National Energy Board of Canada is in the process of making Reliability Standards mandatory and enforceable for international power lines.

The compliance monitoring and enforcement activities are carried out by NERC and the eight Regional Entities based on the regulatory authority-approved uniform CMEP, the NERC Rules of Procedure (RoP), the respective delegation agreements (RDAs) with the eight Regional Entities, and other agreements including Memoranda of Understanding with the Canadian provinces. This plan outlines the implementation requirements to be followed by NERC and the eight Regional Entities. Texas RE and the other seven Regional Entities submit their 2011 implementation plans by November 5, 2010 to NERC. NERC is responsible for approving the Regional Entity implementation plans.³

The Texas RE and NERC 2011 Implementation Plans (collectively referred to herein as the “Implementation Plan”) were developed considering the requirements, rules and information from the following:

- NERC RoP;
- CMEP;
- RDAs;
- NERC Board of Trustees’ actions, including those of the NERC Board of Trustees Compliance Committee;
- Regulatory authority-approved Reliability Standards; and
- Various Compliance Analysis products produced by NERC and provided to the BOTCC in open forum and to the industry.

The objectives of the Implementation Plan are to:

- Promote the reliability of the BES through rigorous compliance monitoring and enforcement activities;

³ See CMEP Section 4.2:

http://www.nerc.com/files/Appendix4C_Uniform_CMEP_10162007.pdf#page=31.

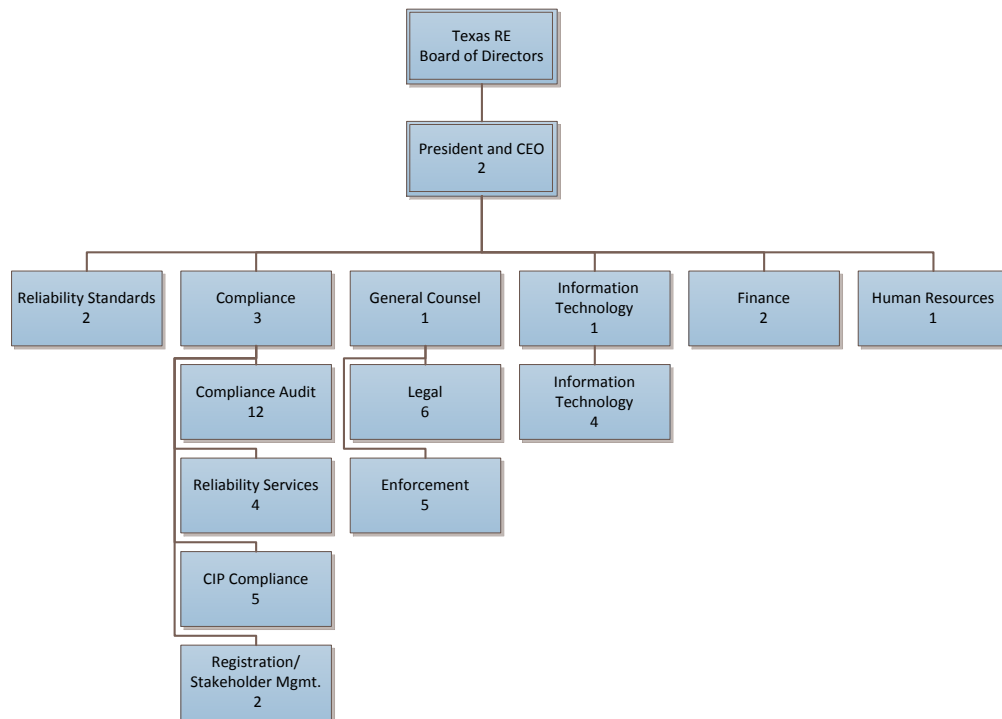
- Facilitate improved consistency of compliance activities throughout North America;
- Monitor all regulatory authority-approved Reliability Standards by utilizing the eight CMEP compliance monitoring methods;
- Use risk-based and performance-based criteria for determining the scope for compliance audits;
- Consider history of the compliance activities and findings;
- Allow flexibility for the ERO and Regional Entities to investigate trends that may pose a near-term risk to reliability either across the North America BES, across an Interconnection or within a Regional Entity boundary; and
- Improve the compliance program by analyzing the compliance monitoring experience across North America and implementing necessary improvements.

Texas RE Compliance Monitoring and Enforcement Organization

Texas RE became the Regional Entity for the ERCOT region on July 1, 2010, when it signed a delegation agreement with NERC and assumed all rights, assets, and liabilities of Texas Regional Entity, an independent division of ERCOT, which was the first Regional Entity for the ERCOT region. Texas RE is a non-profit corporation with voluntary membership consisting of owners, users, and operators of the BES. Texas RE members have membership in one of six industry sectors: System Coordination and Planning, Transmission and Distribution, Cooperative Utility, Municipal Utility, Generation, or Load-Serving and Marketing.

Texas RE has a hybrid Board of Directors (Board) that includes four independent directors, the Texas RE President and CEO, two stakeholder directors (the chair and vice chair of Texas RE’s Member Representatives Committee), and two ex officio non-voting directors (representatives of the Public Utility Commission of Texas (PUCT) and the Office of Public Utility Counsel). Texas RE’s Board requires a majority of independent directors to constitute a quorum. Texas RE uses the PUCT as its hearing body for contested enforcement cases, and at the conclusion of a hearing, the PUCT makes a recommendation to the Texas RE Board. The Texas RE Board makes all determinations in contested enforcement cases.

Texas RE’s 2011 organization chart as of November 5, 2010 is provided below.



Reliability Standards Subject to 2011 CMEP Implementation

Texas RE will include all the NERC Reliability Standards and requirements as defined in the 2011 NERC Implementation Plan for each of the eight CMEP compliance monitoring methods. This list of NERC Reliability Standards represents the minimum set of Reliability Standards that will be included in the scope of each Texas RE monitoring method in 2011. Additional NERC Reliability Standards may be identified and included as described in the risk-based assessment criteria below.

The regulatory authority-approved Reliability Standards and requirements are monitored through at least one of the eight CMEP compliance monitoring methods. For the “audit” monitoring method, NERC and the Regional Entities have developed and implemented risk-based and performance-based criteria for determining the scope of the Reliability Standards to be reviewed during the conduct of the audit. Factors associated with BES issues across North America, across the respective Interconnection, and within a Regional Entity boundary, as well as specifics associated with a Registered Entity, are used for determining the scope of the audit.

The risk-based and performance-based audit criteria include six components for scope identification:

- 1) North American-wide NERC Reliability Standards most violated, including both all-time historical and rolling twelve-month statistics, are considered. This encompasses the core standards to be monitored across the industry.
- 2) Texas RE-specific most violated NERC Reliability Standards, which may include standards already identified in item #1 or additional standards. This analysis allows Texas RE to focus on significant trends and issues within the Regional Entity boundary. This also could lead to the identification of Interconnection-wide issues and concerns.
- 3) Texas RE Regional Reliability Standards most violated, as applicable.
- 4) Texas RE specific issues, including but not limited to operational issues, operational footprint changes, corporate restructuring, other trends, *etc.*
- 5) Random determination (other high risk reliability standards, registered functions trends and concerns, standards rising in prominence and identified through trend analysis).
- 6) Compliance culture, which considers the entity’s compliance culture and overall strength of compliance.

The performance-based approach has two components. One component is the past performance of a Registered Entity as it relates to the operation of the BES and the relative strength of the compliance controls in place to assure compliance. The second component includes a more detailed review and testing of the Registered Entity’s

programs and procedures to assure actual performance of the stated programs are being implemented, rather than relying solely on documentation.

Texas RE will determine the Registered Entity's specific audit scope based upon the NERC Actively Monitored Reliability Standards list and the six components listed above. The audit scope for Registered Entities that are registered for performing identical "functions" will not always be identical across or within the Regional Entities. Registered Entities will be advised of the audit scope when they receive the formal audit notice. Compliance information and data archived by Texas RE from the implementation of previous monitoring methods will be utilized in the development of Texas RE's audit scope, including but not limited to previous audits, self-certifications, events, and previous or current enforcement actions.

Regional Entities are authorized and obligated to implement the NERC annual implementation plan. Regional Entity staff may increase the scope of compliance activities related to the NERC program, but cannot reduce the scope of compliance activities without NERC consent. Where Texas RE determines that a reduced scope is appropriate, Texas RE will submit the reduced scope rationale and proposed audit notification letter for the entity to be audited to NERC Compliance Operations at least 90 days prior to the audit for approval.

Registered Entities must be in compliance with all Reliability Standards at all times. NERC and the Regional Entities encourage aggressive self-assessments and analysis and self-reporting of noncompliance by Registered Entities. Registered Entities are further encouraged to draft mitigation plans upon identification and self-reporting of possible violations, prior to the required submission timeline per the CMEP. Mitigation plans are not an admission of a violation and are treated as voluntary corrective action. Mitigation plans duly prepared and promptly submitted to the Regional Entity will be used to demonstrate a positive, proactive culture of compliance in any potential enforcement action.

The overall monitoring scope of the 2011 implementation program is based on Reliability Standards that are anticipated to be in effect in 2011 as of the date on which this plan is approved. To the extent new or revised Reliability Standards are adopted, approved by the regulatory authority or in effect during the course of 2011, NERC will work with the Regional Entities to determine whether the 2011 program needs to be amended to include them.

All NERC Reliability Standards identified in the 2011 implementation program are listed in the 2011 CMEP Actively Monitored Reliability Standards list posted on the NERC Web site at the following link: <http://www.nerc.com/commondocs.php?cd=3>.

The 2011 Actively Monitored Reliability Standards list includes several worksheets. A description of each is listed below:

- **Summary Tabs:** Quick reference listings of the Reliability Standards and requirements identified for compliance audits, self-certifications, and spot checks

required by NERC in 2011 and mandatory effective dates for standards. These tabs are designed to give the user a quick reference of the implementation plan lists. There are also comparisons of the number of Reliability Standards and requirements monitored in the 2007, 2008, 2009, and 2010 programs.

- **Requirements Detail Tab:** A detailed list of the requirements included in the 2011 implementation plan.
- **Revision History:** The revision history that will allow users, owners, and operators of the BES to see all of the changes to the 2011 Actively Monitored Reliability Standards spreadsheets.

2011 CMEP Discovery Methods

Reliability Standards included in the Texas RE and NERC 2011 Compliance Monitoring and Enforcement Programs are approved by the appropriate regulatory authority and are subject to the CMEP. NERC staff performed a detailed assessment of all of the approved Reliability Standards to identify the risk-based Reliability Standards for North American-wide consideration based on the multiple inputs outlined in the criteria listed below:

- High Violation Risk Factor;⁴
- NERC top ten list of most violated Reliability Standards;
- Texas RE's top ten list;
- History of past events and major reliability issues;
- Violation Risk Index (top five);
- Review of the Final Report on the August 14, 2003 Blackout;
- A review of violation statistics and trends.

NERC staff worked in close coordination with the Regions to further refine the list and determine appropriate monitoring methods for the Reliability Standards selected using a risk-based approach.

NERC and the Regional Entities have processes in place to implement each compliance monitoring method as appropriate to a given set of facts and circumstances. In 2011, the compliance monitoring methods will be implemented as stated below:

1. Compliance Audits

Texas RE will include all NERC Reliability Standards and requirements as defined in the 2011 NERC Implementation Plan for audits. This list of NERC Reliability Standards represents the minimum set of standards that will be included in the scope of each audit conducted by Texas RE in 2011. Additional standards may be identified and included in the audit as described in the risk-based assessment criteria described above.

The Reliability Standards selected for compliance audit are determined using a risk-based and performance-based approach that includes experience, history, and other factors to

⁴ “Each requirement set out within NERC’s Reliability Standards has been assigned a Violation Risk Factor (VRF) through the NERC Reliability Standards development process. The factors have been defined and approved through the standards development process and are assigned to requirements to provide clear, concise and comparative association between the violation of a requirement and the expected or potential impact of the violation to the reliability of the bulk electric system. One of three defined levels of risk is assigned to each standards requirement: Lower Risk Factor, or; Medium Risk Factor, or; High Risk Factor. Definitions of the factors can be found in appropriate standards development process documentation.”

Rules of Procedure Paragraph 4.1.1 the link:

http://www.nerc.com/files/NERC_Rules_of_Procedure_EFFECTIVE_20090616.pdf#page=172.

focus on real-time, high-impact, high-risk requirements in performance of the on-site audit. Texas RE will provide to the Registered Entity the scope of the compliance audit with the audit notification letter. The scope document will contain Texas RE's analysis of its risk- and performance-based approach which determined the audit scope for the Registered Entity being audited.

Regional Entities have the authority to expand the audit to include other standards and requirements, but cannot reduce the scope without NERC's consent. Texas RE shall consider past performance, including historical violation trends across the Region and those specific to the Registered Entity; changes to compliance responsibility resulting from mergers, acquisitions, and corporate re-organizations; open investigations; and other factors that in the judgment of Texas RE audit staff should be considered as part of the normal planning required for a compliance audit and consistent with generally accepted audit practices.

The scope of the Registered Entities' compliance audits must include a review of all mitigation plans that are pending prior to the first day of the compliance audit. For the purposes of mitigation plan review the first day of the compliance audit is considered to be the first day that formal review of evidence, or an opening presentation, is conducted with the entity. The Registered Entity must provide the compliance audit team with the status, documentation, and evidence of validation for all mitigation plans that meet the review criteria. The scope of Texas RE's compliance audits should include a review of all mitigation plans.

For compliance audits, NERC provides additional guidance:

a. Modeling, Data, and Analysis (MOD) Reliability Standards

FERC has determined that entities in the ERCOT Region are exempt from the MOD standards, including MOD-001, 004, 008, 028, 029, and 030:

Similarly, in response to ERCOT, we believe that it is appropriate to exempt entities within ERCOT from complying with these Reliability Standards. We agree that, due to physical differences of ERCOT's transmission system, the MOD Reliability Standards approved herein would not provide any reliability benefit within ERCOT⁵.

Compliance monitoring with these Reliability Standards will encompass multiple monitoring methods in the other seven Regions, because the Modeling, Data, and Analysis (MOD) Reliability Standards (MOD-001-1, 004-1, 008-1, 028-1, 029-1, and 030-2) become effective April 1, 2011. Texas RE will not conduct data collection to support MOD-028-1 through MOD-030-1; will not include in the compliance audit scope for applicable registered entities, MOD-001-1, 004-1, and 008-1; will not include the regulatory authority-approved MOD Reliability Standards in the self-certification; and will not conduct Spot checks on the MOD standards.

⁵ FERC Order 729 at P 298

b. PRC-023-1 Reliability Standard

PRC-023-1 Reliability Standard was initially effective in July of 2010, but was not included in the compliance audit scope for 2010; therefore NERC and the Regional Entities determined it is appropriate to include PRC-023-1 Requirement 1 in the compliance audit monitoring program for 2011. The remaining requirements are subject to other compliance monitoring methods at the Regional Entities’ discretion.

c. CIP Reliability Standards Compliance Audits

At the end of 2010, all scheduled activities described in the “Implementation Plan for Reliability Standards CIP-002-1 through CIP-009-1,”⁶ will be complete and Registered Entities are subject to audits for compliance with all requirements of CIP-002-3 through CIP-009-3. The 2011 CIP compliance audits will cover the period when version 3 was in effect (October 1, 2010 through December 31, 2010).

The NERC CIP staff worked to identify the appropriate CIP requirements for auditing on site using a risk assessment that takes into account the necessary use of subject matter expertise and the complexity of these standards. This resulted in a decrease of requirements for on-site audits. Details are listed in the 2011 Actively Monitored Reliability Standards list. Audit leads of CIP audits should have requisite experience, training, and/or credentials in cyber security and/or IT auditing.

Texas RE’s proposed 2011 CIP audit schedule is as follows:

NCR ID#	Entity Name	NERC Function	Dates	Location
NCR10182	Conoco Phillips Co	GOP	Jan. 18-20	Texas RE Office
NCR04143	Texas-New Mexico Power Co	TOP	Feb. 1-10	Texas City, TX
NCR10188	Ennis Power Company, LLC	GOP, GO	Feb. 15-18	Texas RE Office
NCR04074	Gen Tex Power Corp	GO	Mar. 1-4	Texas RE Office
NCR00210	Hackberry Wind, LLC	GO	Mar. 8-10	Texas RE Office
NCR04131	Sweetwater Wind 1, LLC	GOP, GO	Mar. 29 – Apr. 7	Texas RE Office
NCR04132	Sweetwater Wind 2, LLC	GOP, GO	Mar. 29 – Apr. 7	Texas RE Office
NCR04133	Sweetwater Wind 3, LLC	GOP, GO	Mar. 29 – Apr. 7	Texas RE Office
NCR04134	Sweetwater Wind 3 CPS, LLC	GOP, GO	Mar. 29 – Apr. 7	Texas RE Office
NCR04135	Sweetwater Wind 4, LLC	GOP, GO	Mar. 29 – Apr. 7	Texas RE Office
NCR02715	Sweetwater Wind 5, LLC	GOP, GO	Mar. 29 – Apr. 7	Texas RE Office

⁶ http://www.nerc.com/files/Guidance_on_CIP_Standards.pdf.

NCR ID#	Entity Name	NERC Function	Dates	Location
NCR04032	City of College Station	TOP	Apr. 19-28	College Station, TX
NCR04106	Nueces Bay WLE LP (RES)	GO	May 10-12	Texas RE Office
NCR10167	Post Oak Wind, LLC	GOP, GO	Jun. 7-9	Texas RE Office
NCR00338	Pyron Wind Farm, LLC	GOP, GO	Jun. 14-16	Texas RE Office
NCR04090	Laredo WLE LP (RES)	GO	Jul. 19-28	Laredo, TX
NCR00253	San Miguel Electric Coop, Inc	GO	Aug. 2-4	Texas RE Office
NCR00502	Sandow Power Company, Inc	GO	Aug. 9-11	Texas RE Office
NCR04022	Bryan Texas Utilities	TOP	Aug. 16-25	Bryan, TX
NCR00292	GIM Channelview Cogeneration, LLC	GOP, GO	Aug. 30- Sep. 1	Texas RE Office
NCR04015	Brazos Electric Power Coop, Inc	TOP	Sep. 20-29	Waco, TX
NCR00769	Edison Mission Marketing & Trading, Inc	PSE, GOP, GO	Oct. 4-7	Boston, MA
NCR04100	Navasota Wharton Partners LP	GO	Oct. 11-13	Texas RE Office
NCR04099	Navasota Odessa Energy Partners LP	GO	Oct. 18-20	Texas RE Office
NCR04037	CPS Energy (DP, TO, TP)	TOP	Nov. 1-10	San Antonio, TX

The most recent version of the Texas RE CIP audit schedule can be found on the Texas RE Web site at:

<http://www.texasre.org/compliance/audit/schedule/Pages/Default.aspx>.

d. COM Reliability Standards

COM-001 and 002 will be audited for the RCs. The RC function is one of the three critical functions that require certification. Their ability to perform is determined in large part by their communications.

e. 2011 Compliance Audit Schedule

Texas RE’s proposed 2011 audit schedule is as follows:

NCR ID#	Entity Name	NERC Function	Dates	Location
NCR10175	Central Texas Electric Coop, Inc	LSE, DP	Jan. 11-13	Texas RE Office
NCR10182	Conoco Phillips Co	GOP	Jan. 18-20	Texas RE Office

NCR ID#	Entity Name	NERC Function	Dates	Location
NCR04143	Texas-New Mexico Power Co	TOP	Feb. 1-10	Texas City, TX
NCR10188	Ennis Power Company, LLC	GOP, GO	Feb. 15-18	Texas RE Office
NCR10177	City of Cuero, Texas	LSE, DP	Feb. 22-24	Texas RE Office
NCR04074	Gen Tex Power Corp	GO	Mar. 1-4	Texas RE Office
NCR00210	Hackberry Wind, LLC	GO	Mar. 8-10	Texas RE Office
NCR10223	City of Fredericksburg	LSE, DP	Mar.15-17	Texas RE Office
NCR10204	City of Boerne	LSE, DP	Mar. 22-24	Texas RE Office
NCR04131	Sweetwater Wind 1, LLC	GOP, GO	Mar. 29 – Apr. 7	Texas RE Office
NCR04132	Sweetwater Wind 2, LLC	GOP, GO	Mar. 29 – Apr. 7	Texas RE Office
NCR04133	Sweetwater Wind 3, LLC	GOP, GO	Mar. 29 – Apr. 7	Texas RE Office
NCR04134	Sweetwater Wind 3 CPS, LLC	GOP, GO	Mar. 29 – Apr. 7	Texas RE Office
NCR04135	Sweetwater Wind 4, LLC	GOP, GO	Mar. 29 – Apr. 7	Texas RE Office
NCR02715	Sweetwater Wind 5, LLC	GOP, GO	Mar. 29 – Apr. 7	Texas RE Office
NCR10275	City of Lampasas	LSE, DP	Apr. 12-14	Texas RE Office
NCR04032	City of College Station	TOP	Apr. 19-28	College Station, TX
NCR04106	Nueces Bay WLE LP (RES)	GO	May 10-12	Texas RE Office
NCR10181	Victoria Electric Coop, Inc	LSE, DP	May 17-19	Texas RE Office
NCR10167	Post Oak Wind, LLC	GOP, GO	Jun. 7-9	Texas RE Office
NCR00338	Pyron Wind Farm, LLC	GOP, GO	Jun. 14-16	Texas RE Office
NCR10205	City of Seguin	LSE, DP	Jun. 21-23	Texas RE Office
NCR04090	Laredo WLE LP (RES)	GO	Jul. 19-28	Laredo, TX
NCR00253	San Miguel Electric Coop, Inc	GO	Aug. 2-4	Texas RE Office
NCR00502	Sandow Power Company, Inc	GO	Aug. 9-11	Texas RE Office
NCR04022	Bryan Texas Utilities	TOP	Aug. 16-25	Bryan, TX
NCR00292	GIM Channelview Cogeneration, LLC	GOP, GO	Aug. 30- Sep. 1	Texas RE Office
NCR04015	Brazos Electric Power Coop, Inc	TOP	Sep. 20-29	Waco, TX

NCR ID#	Entity Name	NERC Function	Dates	Location
NCR00769	Edison Mission Marketing & Trading, Inc	PSE, GOP, GO	Oct. 4-7	Boston, MA
NCR04100	Navasota Wharton Partners LP	GO	Oct. 11-13	Texas RE Office
NCR04099	Navasota Odessa Energy Partners LP	GO	Oct. 18-20	Texas RE Office
NCR04037	CPS Energy (DP, TO, TP)	TOP	Nov. 1-10	San Antonio, TX
NCR00892	PSEG Energy Resources and Trade, LLC (RFC)	GOP	Nov. 7-18	RFC Office

The most recent version of the Texas RE audit schedule can be found on the Texas RE Web site at:

<http://www.texasre.org/compliance/audit/schedule/Pages/Default.aspx>.

The 2011 NERC compliance audit schedule, which is a compilation of all regional schedules, will be posted on the Compliance Resource page on the NERC Web site.⁷ This posted schedule is updated quarterly. This process allows the Registered Entities to have access to the schedule for the upcoming year as soon as possible.

The compliance audits listed on the schedule are labeled as on-site audits or off-site audits. This distinction is only relevant to the location of the audit activities, not the rigor of the audits. Both on-site and off-site audits are compliance audits are performed using the same Questionnaire Reliability Standards Audit Worksheets (QRSAW) and other audit tools and processes. The major difference is that on-site audits would entail physical access to the audited entity's premises. In fact, a large portion of the pre-audit work associated with an on-site audit may actually occur off-site.

Nevertheless, certain types of audits must contain an on-site component because of the nature or functions of the Registered Entity. For example, Reliability Coordinator, Balancing Authority, and Transmission Operator functions must be audited on-site. For other BES owners, operators, and users on the NERC Compliance Registry, the Regions and NERC can use discretion on the location and the conduct of the audit. However, in either case, the Regional Entity should plan the audit to assure proper scope and rigor.

f. Compliance Audit Reports

Effective January 1, 2011 all spot checks performed by the Regional Entities are subject to the compliance audit reporting requirements as stated in NERC Compliance Process Directive #2010-CAG-001.⁸

NERC posts all public versions of the Regional Entities' compliance audit reports of Registered Entities on the NERC Web site to satisfy requirements of the CMEP.

⁷ <http://www.nerc.com/commondocs.php?cd=3>.

⁸ http://www.nerc.com/files/2010-CAG-001_Regional_Entity_Compliance_Audit_Report_Processing_Directive_5_4_10.pdf.

Regional Entities submit two audit reports for each compliance audit of a Registered Entity: a public report and a non-public report. The public report does not contain critical energy infrastructure information or any other information deemed confidential. The public report does not include a description of how the audit team determined its findings; rather, it includes a listing of the findings. The names of the Regional Entity personnel and Registered Entity personnel participating in the audit are excluded from the public report and all participants are identified by title. The non-public report contains confidential information and detailed evidence that supports the audit findings. The names and titles of all Regional Entity personnel and all Registered Entity personnel participating in the audit are included in the non-public report.

Public and non-public compliance audit reports that do not contain possible violations are completed by the Regional Entities and are submitted to NERC at the same time. Upon receipt of the reports NERC posts the public reports on the NERC Web site and submits the non-public audit reports to the applicable regulatory authority.

Public and non-public audit reports that contain possible violations are submitted to NERC at different times. The non-public compliance audit reports are completed by the Regional Entities as soon as practical after the last day of the audit and are then submitted to NERC. Upon receipt of the non-public reports NERC submits them to the Applicable Governmental Authority. The public reports that contain possible violations are completed by redacting all confidential information in the non-public reports. The Regional Entities retain the public version of compliance audit reports that contains possible violations until all violations are processed through the NERC Compliance Monitoring and Enforcement Program (CMEP). Due process is considered complete when all possible violations are dismissed or when a violation is confirmed or a settlement is reached and a decision has been rendered if applicable, by the regulatory authority (ex. Notice of Penalty (NOP) has been issued in U.S.). Upon completion of due process the Regional Entities submit the public version of the compliance audit reports to the Registered Entities for review and comment prior to submitting them to NERC. Upon receipt of the public reports NERC posts them on the NERC Web site at: <http://www.nerc.com/page.php?cid=3|26|246>.

g. Compliance Monitoring Tools

The NERC Questionnaire Reliability Standard Audit Worksheets (QRSAs) are designed to add clarity and consistency to the assessment of compliance with Reliability Standards. The QRSAs are used for multiple compliance monitoring methods. Comments on these and any of NERC's auditor resources are welcome and can be directed to the Regional Entity Compliance Managers.

The QRSAs are posted on the NERC public Web site and provide information to the industry about expectations of the ERO compliance auditors when evaluating compliance with a Reliability Standard. NERC works in close coordination with the Regional Entities to ensure the information in existing QRSAs is updated with the latest regulatory authority language and guidance, and new QRSAs are developed as Reliability Standards are approved. It is recommended that Regional Entities and

Registered Entities check the NERC Web site regularly to ensure the latest available versions of QRSAs are being used.

NERC works with Regional Entities to review these QRSAs on a continuous basis for improvement. NERC will migrate the QRSAs into a database format in the near future to allow for timely updates as Reliability Standards are approved, modified, or retired.

2. Self-Certification

Texas RE will send its 2011 self-certification schedule to all Registered Entities in the ERCOT region and will post this schedule on the Texas RE's Web site in November 2010:

Date	Texas RE Comments
June 1, 2011	Texas RE will post the Self-Certifications for entities registered for the GO and GOP functions.
July 1, 2011	Completed Self-Certifications from entities registered as the GO, GOP functions will be due back to Texas RE.
July 1, 2011	Texas RE will post the CIP-002-3 through CIP-009-3 Self-Certifications for entities registered for the GO, GOP, LSE, TO, TOP, BA, IA, RC, and TSP functions.
August 1, 2011	Completed CIP-002-3 through CIP-009-3 Self-Certifications from entities registered for the GO, GOP, LSE, TO, TOP, BA, IA, RC, and TSP functions will be due back to Texas RE.
August 1, 2011	Texas RE will post the Self-Certifications for entities registered as the DP, PSE, LSE, TO, and TP functions.
September 1, 2011	Completed Self-Certifications from entities registered for the DP, PSE, LSE, TO, and TP functions will be due back to Texas RE.
September 1, 2011	Texas RE will post the Self-Certifications for entities registered for the TOP, BA, RC, PA, RP, TSP, and IA functions.
October 3, 2011	Self-Certifications from entities registered for the TOP, BA, RC, PA, RP, TSP, and IA functions will be due back to Texas RE.

The most recent version of the Texas RE self-certification schedule can be found on the Texas RE Web site at:

<http://www.texasre.org/compliance/selfcert/Pages/Default.aspx>.

Texas RE will send Registered Entities reminders 30 days prior to each self-certification period. The self-certification forms will be posted on the Texas RE portal (<https://portal.texasre.org>), per self-certification schedule.

The Registered Entities must self-certify compliance or non-compliance with all applicable NERC Actively Monitored Reliability Standards requirements and submit the required forms through the Texas RE Portal within 30 days, in accordance with the schedule. Texas RE will notify a Registered Entity if its self-certification submission is not. If a Registered Entity fails to timely submit its self-certification forms, Texas RE

will follow NERC's Process for Non-Submittal of Requested Data, contacting the Primary Compliance Contact and Senior Executive as needed. Registered Entities must identify all non-compliance with the standards during the relevant period on its submission, even if it has previously self-reported or has been previously found by Texas RE to be non-compliant with the standard during the same period. Texas RE will review such self-certifications and identical reports will not constitute additional violations.

All Registered Entities are required to participate in the annual self-certification each year per the NERC Actively Monitored Reliability Standards list. Texas RE may, at its discretion, include additional Reliability Standards in its 2011 Implementation Plan.

a. CIP-002-3 through CIP-009-3 Reliability Standards

Applicable Registered Entities are required to self-certify their compliance or non-compliance with NERC Reliability Standards CIP-002-3 through CIP-009-3, in accordance with Texas RE's 2011 self-certification schedule, as set forth above.

Until applicable entities reached the "Auditably Compliant" stage, they were required to file semi-annual self-certifications. Therefore, the special CIP self-certifications previously conducted each January and July will no longer be required. Instead, registered entities will be required to self-certify once per year.

The annual self-certification monitoring method will move into the Regional Entity self-certification process for CIP-002-3 through CIP-009-3 Reliability Standards. The self-certifications will cover the period of October 1, 2010 through December 31, 2010. However, the issuance of CIP supplemental questionnaires may be needed as directed by NERC or an Applicable Governmental Authority. Refer to the CIP Implementation Plan for further details at "[Implementation Plan for Newly Identified Critical Cyber Assets and Newly Registered Entities.](#)"

One unique characteristic of the CIP Standards pertains to self-certification: CIP-002-3 R4⁹ requires all entities to annually approve their risk-based assessment methodology, the list of Critical Assets, and the list of Critical Cyber Assets, even if such lists are null. Thus, entities will need to submit self-certification for CIP-002-3 even if they conclude they have no Critical Assets.

3. Spot Checks

For the NERC Reliability Standards portion and scope of each of the spot checks, Texas RE will include all the NERC Reliability Standards and requirements as defined in the 2011 NERC Implementation Plan for spot checks. This list of NERC Reliability Standards represents the minimum set of standards that will be included in the scope of each monitoring method in 2011. Additional standards may be identified and included as described in the risk-based assessment criteria above.

⁹ <http://www.nerc.com/files/CIP-002-3.pdf>

NERC and the Regional Entities have the authority to conduct additional spot checks of any regulatory approved Reliability Standards. Texas RE may expand the list of Reliability Standards and requirements it has scheduled for spot checks in its 2011 Implementation Plan. Texas RE will ensure, however, that it satisfies any spot check requirements in the NERC Reliability Standards, RoP, and CMEP. All spot checks will require reports. The standard audit template provided by NERC will be utilized for all spot checks and submitted to NERC.

a. NUC-001-2 Reliability Standard

Only those Registered Entities which require coordination with Nuclear Plant Generator Operators will be subject to NUC-001-2 spot checks.

NUC-001-2, effective April 1, 2010, requires detailed agreements and coordination among several critical registered functions. All applicable Registered Entities are responsible for compliance of NUC-001-2. Regional Entities will conduct spot checks of R1 and R2 for applicable Registered Entities.

b. IRO Reliability Standards

IRO-004 and 005 will be audited with the exception of the PSE function for IRO-005-2 Requirement 13 for which a spot check will be performed. All other IRO standards are identified for spot checks and other compliance monitoring methods.

c. BAL-003-0.1b

Regional Entities are required to conduct spot checks in 2011 of Balancing Authorities under BAL-003-0.1b, R.1, R.2, and R.5. Further guidance on the monitoring of the BAL-003 standard was provided as a result of the FERC technical conference conducted September 23, 2010 and requisite compliance filings.

d. CIP Reliability Standards

Spot checks will primarily focus on CIP-002-3 and how a Registered Entity applies its risk-based assessment methodology to identify its Critical Assets and Critical Cyber Assets.

Selected Reliability Standards requirements of CIP-002-3 through CIP-009-3 will be audited and additional spot checks may be performed at Texas RE's discretion. CIP audits including CIP spot checks will require the appropriate reports per the RoP and CMEP.

4. Periodic Data Submittals

Periodic submittals consist of required monthly, quarterly, and/or annual data submittals specified in certain Reliability Standards, as set forth below. Texas RE will monitor these submittals to confirm that requirements are met per Section 3.6 of the CMEP. For monthly and quarterly submittals, Texas RE will post the current data submittal reporting schedule and required formats on its Web site (www.texasre.org) and inform the Registered Entities of changes or updates. Texas RE will directly notify Registered Entities of annual data submittal requirements at least 30 days prior to the requested date of submittal, if not otherwise specified in the Reliability Standard. As necessary, Texas

RE will use escalating notices for any failure to timely submit information, in accordance with the NERC RoP's Process for Non-Submittal of Requested Data.

For 2011, periodic data submittals are required from the Registered Entities to Texas RE for the following Reliability Standards:

Standard		Frequency
BAL-001-0.1a	Real Power Balancing Control Performance	monthly
BAL-002-0	Disturbance Control Performance (DCS)	quarterly
BAL-003-0.1b, R1.2	Frequency Response and Bias	annually
BAL-006-1.1, R3, R4	Inadvertent Interchange	not applicable in ERCOT Region
EOP-009-0, R2	Documentation of Blackstart Generating Unit Test Results	annually
FAC-003-1, R3	Transmission Vegetation Management Program	monthly
MOD-010-0, R1, R2	Steady-State Data for Transmission System Modeling and Simulation	annually
MOD-012-0, R1, R2	Dynamics Data for Transmission System Modeling and Simulation	annually
PRC-004-1, R3	Analysis and Mitigation of Transmission and Generation Protection System Misoperations	quarterly
PRC-007-0, R2	Assuring Consistency of Entity Underfrequency Load Shedding Programs	annually
PRC-021-1, R1	Under-Voltage Load Shedding Program Data	annually
TPL-001-0.1, R3	System Performance Under Normal (No Contingency) Conditions (Category A)	annually
TPL-002-0b, R3	System Performance Following Loss of a Single Bulk Electric System Element (Category B)	annually
TPL-003-0a, R3	System Performance Following Loss of Two or More Bulk Electric System Elements (Category C)	annually
TPL-004-0, R2	System Performance Following Extreme Events Resulting in the Loss of Two or More Bulk Electric System Elements (Category D)	annually

Additional details (and forms when appropriate) will be provided to Registered Entities at least 30 days in advance of the requested submittal date.

The periodic data submittals for 2011 are as shown on the Requirements Tab of the 2011 Actively Monitored Reliability Standards list.

5. Reporting

a. Self-Report

Texas RE reviews self-reported violations to validate the possible violation and provide information needed for enforcement. Registered Entities should self-report any possible violation through the Texas RE portal. Upon receipt of any self-report, Texas RE assigns an internal tracking number, sends an acknowledgement to the Registered Entity, and conducts its review process. The review checks the information provided by the entity against the standard requirements and may involve additional questions and requests for documentation, if needed. The QRS AW is used as a guide to insure consistency. Self-reports are either dismissed after the evaluation or processed as possible violations for enforcement, with due consideration of Registered Entity's cooperation in providing the self-report, and mitigation of the violation is required.

Registered Entities are encouraged to promptly self-report compliance violations with any regulatory authority-approved reliability standard. In most cases, self-reports of compliance violations are provided to the appropriate Regional Entity.¹⁰ NERC and Texas RE strongly encourage Registered Entities to report violations of Reliability Standards as soon as possible to ensure that the entity receives appropriate credit for self-reporting and to minimize any ongoing risk to the BES.

b. Exception Reporting

Texas RE's handling of exception reporting is a combination of self-reporting and self-certification. Registered Entities are required to review their compliance internally per the list of requirements subject to exception reporting, with the period between assessments as identified in the standards list. If a registered entity believes that it is in violation of a requirement covered by an exception report, it should use the Texas RE portal to submit a self-report, providing details. Texas RE staff will evaluate all exception report violations provided using the same basic steps as a self-report – acknowledgement, validation, and processing for dismissal or violation.

Texas RE also requires Registered Entities to confirm the number of exceptions that have occurred in a given time period identified by NERC, even if the number of exceptions is zero. Annual confirmation for all standards with exception reporting will be requested. Additional instructions for submittal of confirmations will be provided to affected Registered Entities; the basic approach will be similar to that used for annual self-certifications.

Specific Reliability Standards and requirements in the 2011 Actively Monitored Reliability Standards list have been identified for exception reporting by the Registered Entities to the Regional Entities for events or conditions occurring that are exceptions to the associated Reliability Standard requirement.

¹⁰ The exception would be where the self-reporting entity is itself a Regional Entity, in which case the self-report should go directly to NERC in accordance with the Regional Entity's delegation agreement and other agreements with NERC.

The list of exception reporting requirements for the Texas RE's 2011 Implementation Plan is provided below:

- BAL-003-0.1b, R1.2 – Frequency Response and Bias;
- BAL-004-0, R4.1 – Time Error Correction;
- EOP-002-2.1, R9.2, R9.3, R9.4 – Capacity and Energy Emergencies;
- EOP-004-1, R3 (subrequirements R3.1 and R3.3), R4, R5 – Disturbance Reporting;
- INT-001-3, R1 (and subrequirements)– Interchange Information;
- INT-003-2, R1 – Interchange Transaction Implementation;
- IRO-004-1, R1, R4, and R5 – Reliability Coordination - Operations Planning;
- IRO-006-4.1, R1, R2, R3, R4, R5 - Reliability Coordination - Transmission Loading Relief (TLR);
- PER-003-0, R1(subrequirements R1.1 and R1.2) – Operating Personnel Credentials;
- PRC-016-0, R3 – Special Protection System Misoperations;
- TOP-005-1, R1, R1.1, R3, R4 – Operational Reliability Information;
- TOP-007-0, R1, R2, R4 – Reporting SOL & IROL Violations Evaluation.

Note: The following requirements on NERC's list of 2011 Actively Monitored Reliability Standards are not applicable in the ERCOT Region:

- BAL-006-1, R5 – Inadvertent Interchange;
- TOP-005-1, R2 – Operational Reliability Information.

Compliance Investigation

Investigations are used to confirm the existence of any alleged or probable violations identified by Texas RE, NERC, or other Regional Entities. A Compliance Investigation (CI) may be initiated at any time by Texas RE or NERC in response to a system disturbance or possible violation of a Reliability Standard identified by any means. CIs will generally be led by Texas RE staff. However, for good cause, NERC reserves the right to assume the leadership of a CI. NERC and FERC staff may also participate together with Texas RE or other Regional Entity staff in investigations.

In general, notices and steps described in Section 3.4 of the CMEP will be used for CIs led by Texas RE. A CI will begin with a request for the Registered Entity to hold data that may relate to the matter under review. One or more Requests for Information from Texas RE will follow to determine relevant facts and gather evidence. Texas RE staff may, at its discretion, use site visits, data submittals, or other means to further evaluate compliance with Reliability Standards pertinent to the disturbance or event.

A compliance investigation report is prepared for review by NERC and FERC, with a summary of findings sent to the Registered Entity at the conclusion of the investigation. No public reports are released. Should any possible violations result, they will be routed through Texas RE's enforcement process.

All regulatory authority-approved Reliability Standards are subject to a Compliance Investigation. The CMEP Section 3.4 states: "A Compliance Investigation may be initiated at any time by the Compliance Enforcement Authority, NERC, FERC or another Applicable Governmental Authority in response to a system disturbance, complaint, or possible violation of a Reliability Standard identified by any other means."¹¹

NERC monitors and tracks all Regional Entity-led CIs to verify and promote consistency in the regional programs.

1. Complaint

NERC or Texas RE may receive a complaint from individuals or entities alleging a violation of a Reliability Standard by one or more Registered Entities. Texas RE will review each complaint it receives to determine if the complaint provides sufficient basis for an investigation, and provide notification to NERC in the agreed upon format. Exceptions are that NERC will review any complaint (1) that is related to Texas RE in its performance related to the functions in the delegation agreement; (2) where Texas RE determines it cannot conduct the review; (3) if the complainant wishes to remain anonymous; or (4) the complainant specifically requests NERC to conduct the review of the complaint. Notices and steps described in Section 3.8 of the CMEP will be used; the process is very similar to investigations described above and allows for similar requests for additional information.

¹¹ http://www.nerc.com/files/Appendix4C_Uniform_CMEP_10162007.pdf#page=20.

All regulatory authority-approved Reliability Standards or requirements are subject to a complaint regarding a compliance violation by a Registered Entity. Complaints can lead to a Compliance Investigation as noted above, or they can be processed using other assessment methods such as spot checks when the scope or significance is deemed limited.

Complaints may be made to Texas RE through its Compliance Hotline by going to www.ethicspoint.com, clicking on “File a New Report”, and inputting “Texas Reliability Entity” or calling EthicsPoint at (888) 242-6340 toll-free (in the U.S. and Canada).

NERC also maintains a Compliance Hotline to receive complaints, which is administered by the NERC Event Analysis & Investigation group, if the complainant prefers to communicate directly with NERC. Any person may submit a complaint to report a possible violation of a reliability standard by phone by calling 609-524-7029, sending an e-mail directly to hotline@nerc.net, completing the form on <https://www.nerc.net/hotline/>, or submitting a written complaint to:

Compliance Hotline
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, NJ 08540

Unless specifically authorized by the complainant, NERC and Regional Entity staff will withhold the name of the complainant in any communications with the violating entity. All information provided will be held as confidential in accordance with the NERC RoP.¹²

The compliance staff will informally seek additional information from the submitter and others, as appropriate. The compliance staff may refer the matter for further investigation by NERC or the appropriate Regional Entity.

Note: The NERC Compliance Hotline is for reporting complaints or possible compliance violations of Reliability Standards by an entity. For other questions regarding the NERC CMEP or Reliability Standards, please send an email to compliancefeedback@nerc.net.

¹² <http://www.nerc.com/page.php?cid=1|8|169>.

2011 Compliance Enforcement

1. Compliance Enforcement

Texas RE's Compliance Enforcement department was established to conduct all of Texas RE's enforcement and mitigation activities. These include:

- Tracking of all possible violations coming into the Texas RE compliance monitoring and enforcement program,
- Analysis of compliance statistics,
- Conducting CMEP compliance enforcement proceedings regarding possible violations,
- Reviewing and tracking of all mitigation plans submitted by Registered Entities to determine acceptance of mitigation plans,
- Verification of completion of mitigation plans submitted by Registered Entities,
- Processing of all contested compliance violations,
- Drafting of all settlement agreements in the region.

Based on past experience, a priority for Texas RE is to assure fair, reasonable, and timely enforcement determinations. Texas RE is continuously reviewing ways to improve both speed and quality enforcement proceedings by streamlining processes, looking for more standardization, and prioritizing workload. Streamlined enforcement processes, specifically the introduction of the Disposition Document, Abbreviated Notice of Penalties and other process improvements, are currently being implemented and will be monitored for efficiency gains throughout 2011.

Penalty determination (in accordance with NERC's Sanction Guidelines contained in Appendix 4B of the RoP) includes evaluation of factors that may diminish or increase a penalty.

2. Reporting, Analysis & Tracking

Texas RE continues to improve and integrate the various compliance reporting platforms to streamline processing, tracking, and reporting of compliance and enforcement activity. Texas RE will comply with CMEP Section 6.6 which states: "Regional Entities will provide to NERC the quarterly status reports and such other information as NERC requests, and will notify NERC when each mitigation plan is verified to have been completed."

NERC, along with Texas RE, reviews violations trends and patterns to address possible root causes, and provides ways to prevent future violations by sharing lessons learned and other meaningful information. The Compliance Analysis Reports that have been completed are posted on the NERC Web site at:

<http://www.nerc.com/page.php?cid=3|329>.

Key CMEP Activities and Initiatives

NERC and the Regional Entities received CMEP implementation feedback from the Member Representatives Committee (MRC), Compliance and Certification Committee (CCC), and other stakeholders. All feedback and input from these groups, among others, are reviewed on a continual basis for opportunities for improvement. NERC and the Regional Entities are committed to continuous improvement of the CMEP implementation.

1. CMEP Transparency Elements

NERC and the Regional Entities continuously balance the request from the industry to improve transparency with the confidential nature of the CMEP processes. Figure 2 is a pictorial view of the compliance process and shows how most of the processes in the CMEP fall under a window of confidentiality. NERC and the Regional Entities are continuously identifying and implementing innovative ways to share CMEP process information while honoring confidentiality. Additional initiatives are underway to increase transparency of CMEP elements in 2011 and are discussed later in this Chapter.

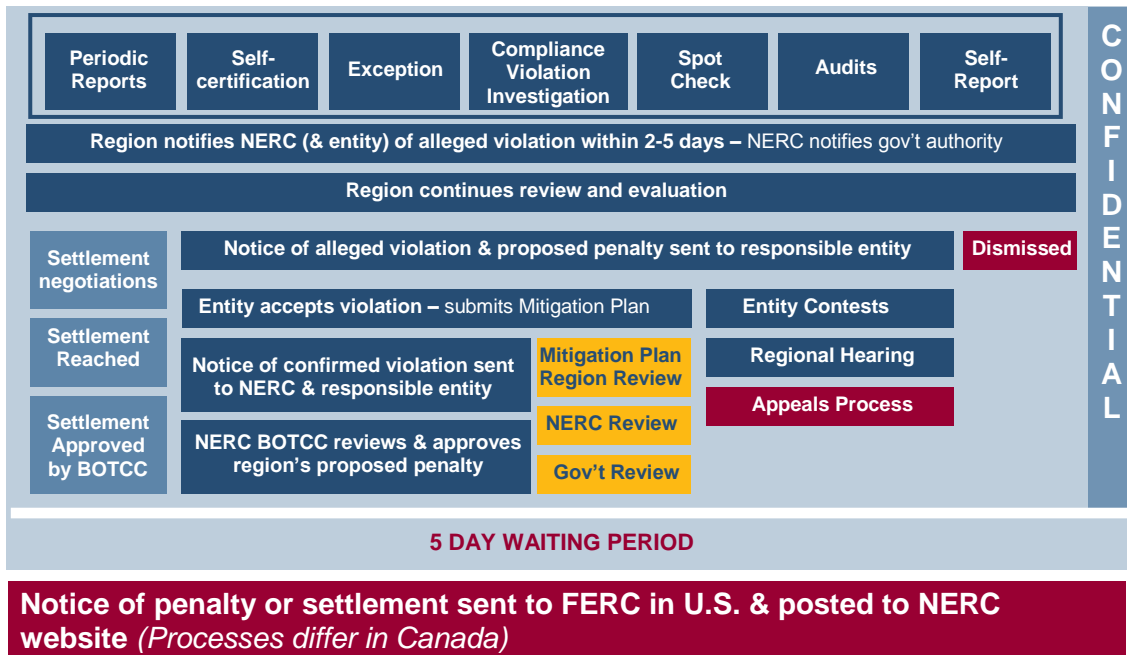


Figure 2: Compliance Process

In 2010, NERC began publicly posting CMEP implementation and process information. NERC Compliance Operations will continue to review and publicly post CMEP implementation and process information in order to increase transparency of the CMEP application to Registered Entities. The public notices are located at the following link: <http://www.nerc.com/page.php?cid=3|22>

2. Compliance Communications

a. Seminars and Workshops

Seminars and workshops for compliance activities have been conducted at the Regional Entity level. The seminars and workshops are important learning exercises for those subject to Reliability Standards. NERC and the Regional Entities will continue compliance seminars, workshops, and panel discussions, to educate Registered Entities and to increase transparency of key CMEP processes important to reliability.

In 2011, Texas RE will conduct at least two day-long workshops on the Compliance and Enforcement program, tentatively in the spring and the fall, and will conduct one other workshop specifically associated with NERC CIP standards. Texas RE will use web conference remote meeting facilitation capability to reach a wider audience for these workshops. Texas RE also conducts other training and outreach activities, with its Member Representatives Committee.

Texas RE intends to coordinate and to provide several technical presentations at the annual ERCOT Region Operations Training Seminar, which is tentatively planned to include six sessions during the spring of 2011, but is subject to obtaining sufficient participation by industry stakeholders. If the Operations Training Seminar is shortened or canceled, Texas RE will instead provide smaller workshops or seminars that will include training on operating procedures and applicable regulatory requirements in the ERCOT region.

b. Newsletters

Texas RE has been publishing its “Texas REview” newsletter at least quarterly since 2008. In 2009, due to high demand for information, Texas RE changed the newsletter’s publication cycle to every other month, and Texas RE continues to publish the newsletter on an as needed basis, no less than four times a year.

The newsletter is intended for users, owners, and operators of the BES in the ERCOT region, and focuses on compliance with NERC Reliability Standards and Regional Reliability Standards. Each issue of the “Texas REview” offers a summary of Texas RE news, activities, and training opportunities, updates on NERC and Regional Reliability Standards, NERC Compliance Application Notices, and related news of interest.

c. Compliance Application Notices

The NERC Compliance Operations Program and the Regional Entities are working towards common goals related to improving consistency, increasing transparency, and creating more efficiency in compliance processes. Past experiences in the field by Regional Entities and NERC are an important part of meeting the goal to provide clarity on particular items and stating the proper expectations. NERC provides the information in various formats, depending on the scope of the matter and relevance to the particular functions within the BES, and includes: NERC Observation Reports, directives, bulletins, Compliance Application Notices, White Papers, Best Practices, Lessons Learned, quarterly reports, and other means as NERC deems necessary.

The Compliance Application Notices along with the process can be found on the NERC Web site at: <http://www.nerc.com/page.php?cid=3|22|354>.

3. Training

a. Compliance Auditors

The NERC compliance auditor training is based on generally accepted auditing practices found in such authoritative documents such as the GAO Generally Accepted Government Auditing Standards and is revised from time to time.

In 2011, NERC Compliance Operations will design and develop a tiered system of qualifications for compliance staff with requisite testing and/or credentials. Training is an important part of delivering consistency across NERC and the Regions.

In addition, NERC sponsors seminars on specific matters as way to provide continuous education to all staff. Two such seminars are scheduled for 2011. Continuing education will provide training on specific auditing issues to promote consistency and increased reliability.

b. Compliance Investigative (CI) Staff

A “Fundamentals of CI” has been conducted by NERC over the last two years. The training is scheduled to be conducted once a quarter and is revised from time to time.

c. CIP

Specialized training for CIP auditors is scheduled for development in late 2010 and is expected to continue through 2011. It is intended not only to address technical issues unique to the CIP Standards environment, but also to increase the skills of CIP auditor staff. Six sessions of CIP Standards Training (CIP Basics for Auditors) are scheduled for 2011. NERC encourages the CIP audit staff to have requisite experience, training, and credentials in cyber security and IT auditing.

4. Multiple Region Registered Entities (MRREs)

There are several activities related to registration, compliance monitoring, and enforcement involving Registered Entities that are registered and operate and/or conduct business in multiple Regions. NERC and the Regional Entities are working together to develop a process for MRREs that will delineate the CMEP implementation for these types of registrations. The process will be implemented as a pilot program in early 2011. In the meantime, the Regional Entities have been working together to facilitate monitoring and enforcement of violations on a multi-Regional basis. NERC and the Regional Entities will continue in 2011 to improve efficiency in this area.

5. Enforcement Streamlining

a. Non-Confirmed Violations without Submitted Mitigation Plans

In 2010, NERC Compliance Enforcement staff began analyzing various violation processing trends for the Board of Trustees Compliance Committee and for stakeholders.

Texas RE encourages early mitigation plan submittal by Registered Entities with possible violations. Mitigation plans are a critical part of improving BES reliability, and Registered Entities must develop and follow mitigation plans not only to mitigate the compliance violations, but also to prevent reoccurrence of the compliance violations.

Texas RE will continue to clarify that the submission of a mitigation plan is not an admission of confirmed violation. Prior to and if enforcement confirms a possible violation to an alleged violation, the mitigation plan is treated as a voluntary corrective action. The evidence collected by enforcement will determine whether a violation exists.

2011 Actively Monitored Reliability Standards

“Actively Monitored” Reliability Standards identified for the 2011 Compliance Program

Summary of the 2011 CMEP Reliability Standards

Number of Reliability Standards					
Year	2007	2008	2009	2010	2011
Compliance Audit	39	60	49	56	38
Self-Certification	39	60	52	60	51
Periodic Data Submittals	--	--	12	13	14
Exception Reporting	--	--	14	19	13
Spot Check	0	0	13	19	14
Subject to Compliance Violation Investigation	--	--	94	95	102
Subject to Self-Reporting	--	--	94	95	102
Subject to Complaint	--	--	94	95	102

2011 Actively Monitored CMEP Reliability Standards List

Reliability Standards (FERC Approved)	Self-Certification Annual (A)	Annual Program Audit (A)	Spot Check (SC) Regional Entity Specified (S)
BAL-001-0.1a			
BAL-002-0			
BAL-003-0.1b			SC
BAL-004-0			
BAL-005-0.1b			
BAL-006-1.1			
CIP-001-1	A	A	
CIP-002-3, Effective 10/1/2010	A	A	
CIP-003-3, Effective 10/1/2010	A	A	
CIP-004-3, Effective 10/1/2010	A	A	

Reliability Standards (FERC Approved)	Self-Certification Annual (A)	Annual Program Audit (A)	Spot Check (SC) Regional Entity Specified (S)
CIP-005-3, Effective 10/1/2010	A	A	
CIP-006-3c, Effective 10/1/2010	A	A	
CIP-007-3, Effective 10/1/2010	A	A	
CIP-008-3, Effective 10/1/2010	A	A	
CIP-009-3, Effective 10/1/2010	A	A	
COM-001-1.1	A	A	
COM-002-2	A	A	
EOP-001-0	A	A	
EOP-002-2.1	A	A	
EOP-003-1	A	A	
EOP-004-1			
EOP-005-1	A	A	
EOP-006-1	A		
EOP-008-0	A	A	
EOP-009-0			
FAC-001-0	A		
FAC-002-0			
FAC-003-1	A	A	
FAC-008-1	A	A	
FAC-009-1	A	A	
FAC-010-2.1 Effective 4/19/2010			
FAC-011-2 Effective 4/29/2009			
FAC-013-1			
FAC-014-2	A		

Reliability Standards (FERC Approved)	Self-Certification Annual (A)	Annual Program Audit (A)	Spot Check (SC) Regional Entity Specified (S)
INT-001-3			
INT-003-2			
INT-004-2			
INT-005-3 Effective 7/1/2010			
INT-006-3 Effective 7/1/2010			
INT-007-1			
INT-008-3 Effective 7/1/2010			
INT-009-1			
INT-010-1			
IRO-001-1.1			S
IRO-002-1	A		S
IRO-003-2	A		S
IRO-004-1	A	A	S
IRO-005-2	A	A	S
IRO-006-4.1			S
IRO-014-1			S
IRO-015-1			S
IRO-016-1			S
MOD-001-1 Effective 4/1/2011	A	A	
MOD-004-1 Effective 4/1/2011	A	A	
MOD-006-0.1 Retired 3/31/2011			
MOD-007-0 Retired 3/31/2011			
MOD-008-1 Effective 4/1/2011	A	A	
MOD-010-0			

Reliability Standards (FERC Approved)	Self-Certification Annual (A)	Annual Program Audit (A)	Spot Check (SC) Regional Entity Specified (S)
MOD-012-0			
MOD-016-1.1			
MOD-017-0.1			
MOD-018-0			
MOD-019-0.1			
MOD-020-0			
MOD-021-0.1			
MOD-028-1 Effective 4/1/2011	A		S
MOD-029-1 Effective 4/1/2011	A		S
MOD-030-2 Effective 4/1/2011	A		S
NUC-001-2 Effective 4/1/2010	A		SC
PER-001-0.1	A		
PER-002-0	A	A	
PER-003-0	A		
PER-004-1	A	A	
PRC-001-1	A	A	
PRC-004-1	A	A	
PRC-005-1	A	A	
PRC-007-0			
PRC-008-0	A	A	
PRC-009-0			
PRC-010-0			
PRC-011-0	A	A	
PRC-015-0			

Reliability Standards (FERC Approved)	Self-Certification Annual (A)	Annual Program Audit (A)	Spot Check (SC) Regional Entity Specified (S)
PRC-016-0.1			
PRC-017-0	A	A	
PRC-018-1			
PRC-021-1			
PRC-022-1			
PRC-023-1 Effective 7/1/2010	A	A	
TOP-001-1	A		
TOP-002-2a	A	A	
TOP-003-0			
TOP-004-2	A	A	
TOP-005-1.1			
TOP-006-1	A		
TOP-007-0			
TOP-008-1			
TPL-001-0.1	A		
TPL-002-0.a	A	A	
TPL-003-0a Effective 4/23/2010	A	A	
TPL-004-0			
VAR-001-1	A	A	
VAR-002-1.1b	A	A	

For the complete listing of monitoring by requirements and functional registration, please see the document at the following link on the NERC Web site:

<http://www.nerc.com/commondocs.php?cd=3>