



# **PROPOSED CHANGES TO THE RULES OF PROCEDURE OF THE NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION: IMPLICATIONS FOR COUNSEL IN ENFORCEMENT PROCEEDINGS**

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**PLI Webinar Presentation**

April 11, 2012

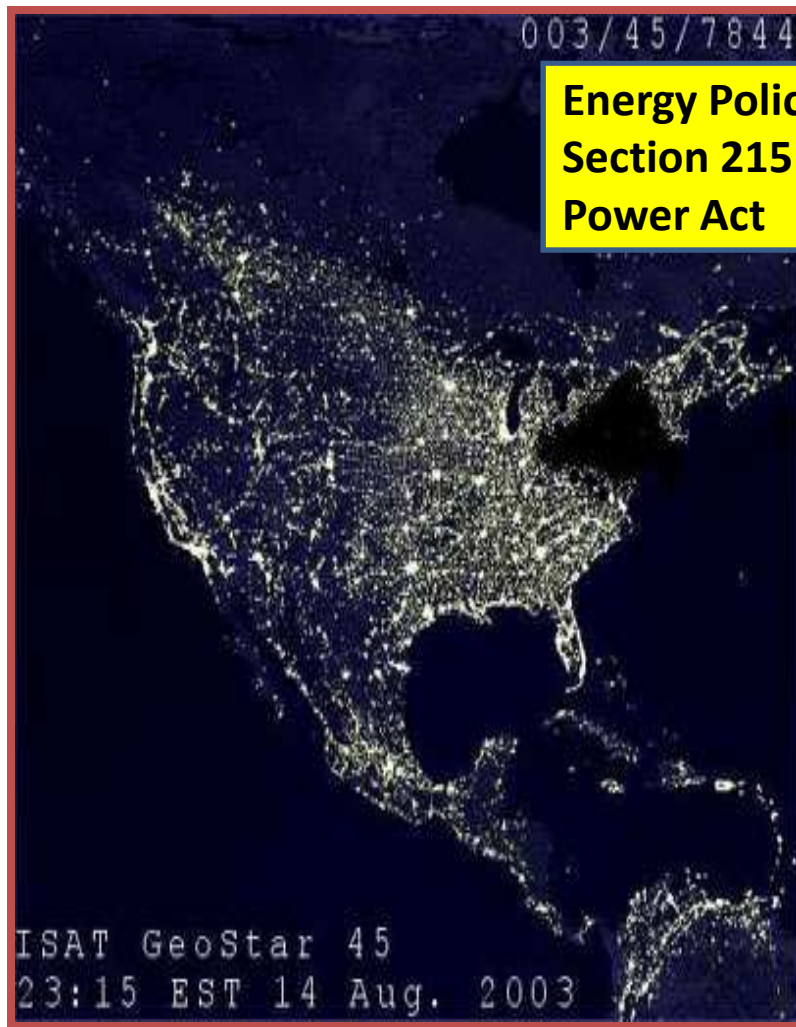
**Susan J. Court**

Principal

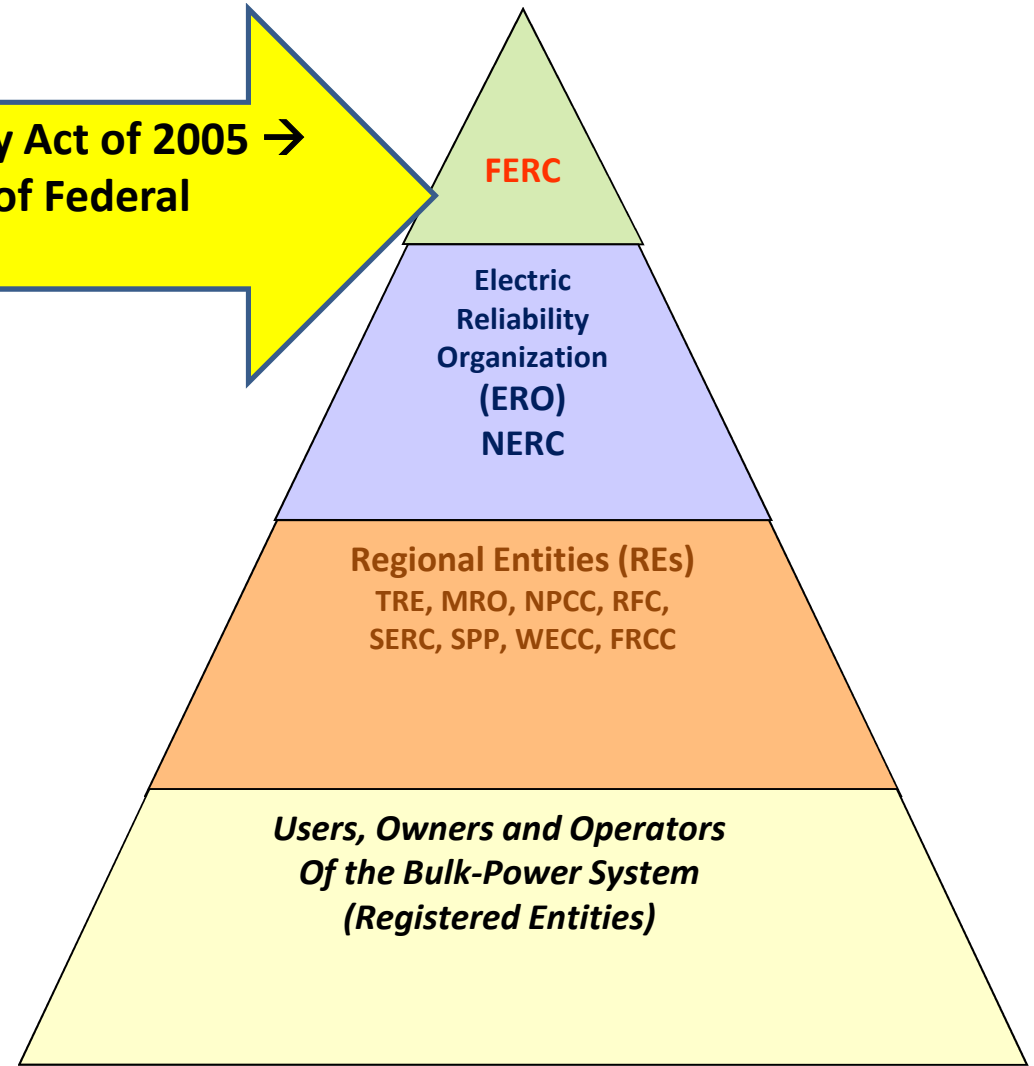
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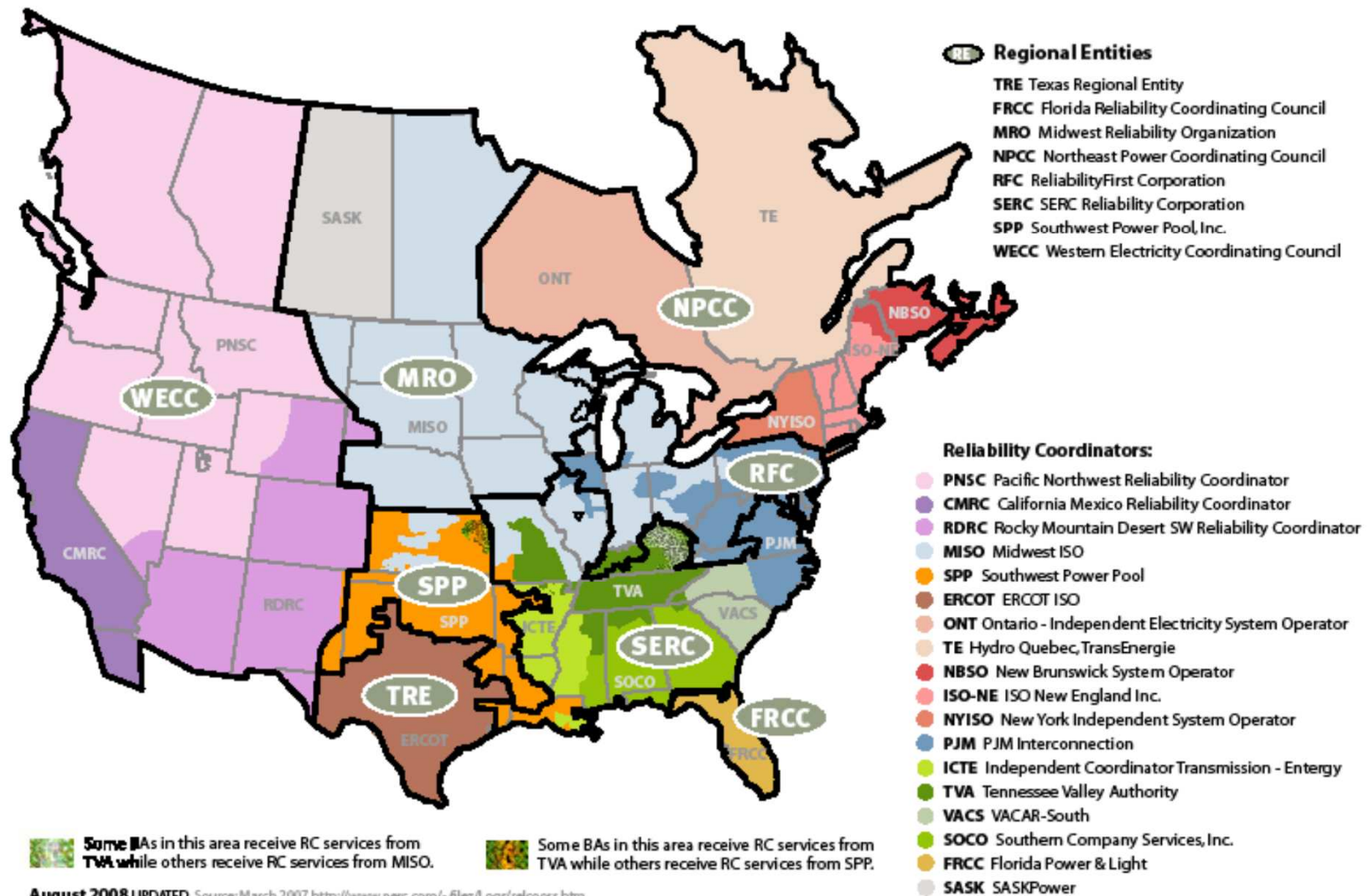
# NERC: Genesis



Energy Policy Act of 2005 →  
Section 215 of Federal  
Power Act



## NERC Regional Entity and Reliability Coordinator Territories



# NERC: Seminal FERC Orders

- **Order No. 672 (February 2006):** amended the Commission's regulations to implement section 215(e) of the Federal Power Act, which authorizes the Electric Reliability Organization to impose a penalty for a violation of a Reliability Standard by a user, owner or operator of the Bulk-Power System, subject to an opportunity for Commission review.
- **Certification Order (July 2006):** certified NERC as ERO.
- **Order No. 693 (March 2007):** approved 83 of 107 proposed Reliability Standards, six of the eight proposed regional differences, and the Glossary of Terms Used in Reliability Standards developed by NERC.
- **Compliance Monitoring and Enforcement Program Order (April 2007):** approved the delegation agreements and the NERC Rules of Procedure, including the CMEP for monitoring, assessing, and enforcing the Standards.

# NERC: Original CMEP/Detection Process

- **Compliance Monitoring and Enforcement Program** includes **eight** monitoring processes:
  - Internally Identified:
    - ✓ Self-reporting
    - ✓ Periodic data submittals
    - ✓ Exception reporting
  - Externally Identified:
    - ✓ Compliance audits
    - ✓ Self-certification
    - ✓ Spot checking
    - ✓ Investigations
    - ✓ Complaints
- **Compliance audits** must follow government auditing standards and allow for participation of FERC staff. (NERC and RE's publish schedule of audits and also conduct unscheduled audits.)
- **Investigations** of alleged violations of standards would be conducted by the RE, by NERC, by FERC, or a combination.