

SERC Compliance Monitoring and Enforcement Program

Implementation Procedure 8.0 Reporting and Disclosure



SERC CMEP Implementation Procedure 8.0: Reporting and Disclosure

Revision History

| Revision | Date | Comments |
|----------|----------------|--|
| 0 | May 31, 2007 | Document Origination. |
| 1 | March 24, 2009 | Update process steps for consistency with revised CMEP and NERC Process Bulletins. Included Cross Reference Table. |
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Cross Reference Table

The procedures listed in the table below refer to this procedure, Compliance Implementation Procedure 8.0: Reporting and Disclosure. As revisions are made to Procedure 8.0, the Originator should review the procedures listed to determine if corresponding changes to these procedures are warranted.

| Procedure Number | Procedure Title |
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| 5.0 | Consolidated Compliance Enforcement Tracking |
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Responsible SERC Group(s)

SERC Board Compliance Committee (BCC)

Review and Re-Approval Requirements

This document will be reviewed every two years or as appropriate for possible revision. The existing or revised document will be re-approved by the SERC Board Compliance Committee (BCC), distributed by the Compliance Director to all applicable SERC staff, and posted on the website for Registered Entity and SERC Member reference.

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1.0 Purpose

This procedure augments section 8.0 of the SERC Compliance Monitoring and Enforcement Program (CMEP) document and describes SERC's process for reporting and disclosure of its CMEP activities.

2.0 Responsibilities

- SERC develops and maintains a compliance issues tracking system that it uses to:
 - track all elements of the compliance enforcement process (Rules of Procedure Sections 403 and 408, and SERC Implementation Procedure 5.0);
 - track the status of individual enforcement actions including Mitigation Plans
 - prepare reports for internal use;
 - prepare required reports for NERC including those required by NERC Rules of Procedure 403.15, 403.17, and 403.19.

SERC's compliance issues tracking system captures all information and status elements set forth in the CMEP, Rules of Procedure, and in the NERC compliance reporting and tracking system from the time of discovery of the possible violation through filing of the Notice of Penalty with the Commission and final closure of the enforcement action.

- The SERC Compliance Director (or Designee) makes routine and prompt reports to NERC via the NERC compliance reporting and tracking system on new possible violations and updating status of in-progress compliance activities including progress on Mitigation Plans.
- The SERC Compliance Director provides monthly summary updates to the SERC Board Compliance Committee on the status of in-progress compliance activities and presents to the Board Compliance Committee detailed information on Mitigation Plans, Confirmed Violations and Settlement Agreements including proposed Sanctions and Penalties. The SERC Compliance Director provides monthly summary updates to the NERC Board of Trustees Compliance Committee including new possible violations and status of in-process compliance actions, including Mitigation Plans.
- Designated SERC staff makes routine reports to NERC in accordance with requirements of specific Reliability Standards and prepares non-confidential summary statistics on compliance activities and lessons learned for posting on the SERC website.

3.0 References

- CMEP Section 8.0
- NERC Communications Plan
- NERC Rules of Procedure Sections 403 and 408
- SERC Implementation Procedures 5.0
- Reliability Standards BAL-001, BAL-002 and FAC-003

4.0 Procedure Steps

4.1 Reports to NERC

The Compliance Director or designee makes periodic and prompt reports to NERC per the following guidelines:

4.1.1 Preliminary Determination

Upon receipt of a report of a possible violation of a Reliability Standard by way of any of the eight monitoring methods set out in Section 3.0 of the CMEP, designated SERC staff (Screener) will enter the reported information into the SERC compliance issues tracking system. For each report of a possible violation received by SERC, the SERC Compliance Enforcement Manager or Compliance Director will assign a Single Point of Contact (SPOC) to process the report and enforcement action through conclusion and to work with the relevant Registered Entity throughout the process. The SPOC will (1) review the report and perform an initial coarse screening to determine if the Reliability Standard that is the subject of the report has been approved by the Commission and is therefore enforceable and that the approved Reliability Standard is applicable to the entity; (2) assess whether the reported possible violation has the potential to result in a reduced level of reliability of the bulk power system (formerly known as 48-hour reportable standard requirements); and (3) prepare a Preliminary Determination describing the possible violation and its potential impact on the reliability of the bulk power system.

4.1.2 Initial Report to NERC; Initiation of Formal Compliance Assessment

Upon completion of the Preliminary Determination, if the indicated possible violation involves an approved and enforceable Reliability Standard and is properly applicable to the subject Registered Entity, the Compliance Enforcement Manager will issue to the Registered Entity via email a Compliance Assessment Notice (CAN) advising the Registered Entity of the initiation of a formal assessment to determine its compliance relative to the applicable Reliability Standard and directing the Registered Entity to preserve all relevant records and information. Designated SERC staff will enter information regarding the possible violation into the NERC compliance reporting and tracking system and submit the report to NERC within five (5) business days, unless the possible violation indicated has resulted in or has the potential to result in, a reduced level of reliability to the bulk power system (as provided in Section 408 of the NERC Rules of Procedure), in which cases SERC shall submit the report to NERC within forty-eight (48) hours. The report to NERC includes, at a minimum, the following information:

- the name of the Registered Entity and its associated Compliance Registry ID (NCRID) and the Registered Entity's function to which the possible violation applies
- the Reliability Standard and requirement at issue
- the method used to identify the possible violation

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- a brief description of the nature of the possible violation
- SERC staff's preliminary assessment of the potential impact to bulk power system reliability
- the date the possible violation occurred and the date it was discovered
- the date the entity was notified of the commencement of a compliance assessment by SERC
- the name the SERC staff person knowledgeable about the information to serve as a point of contact (Compliance Enforcement Manager)
- a copy of the Compliance Assessment Notice (CAN)

4.1.3 Change in Status of Compliance Activity and Associated Reports to NERC; Notice to Registered Entity

At least quarterly, and within five (5) business days of any change in status of the compliance activities associated with any on-going enforcement action or SERC's issuance to the Registered Entity of a notice regarding an enforcement action, SERC shall submit an updated report to NERC via the compliance reporting and tracking system informing NERC of the change in status. SERC Compliance Staff will ensure the information is current when the reports are provided. The status update report to NERC includes, at a minimum, the following information:

- the date of issuance by SERC of a Notice of Alleged Violation and Proposed Penalty or Sanction (NAVAPS), including the associated penalty amount and other sanction
- a copy of the NAVAPS, when issued to the Registered Entity
- the Registered Entity's response to the NAVAPS including a contest of SERC's determination and request for Hearing
- receipt of a request for settlement
- submittal of Mitigation Plans and related schedules and status updates associated with Mitigation Plans, including regional acceptance of the Mitigation Plan
- a copy of the regionally-accepted Mitigation Plan for approval by NERC and submittal to the Commission
- the date of completion of an approved Mitigation Plan, upon SERC Compliance Staff's verification of said completion
- the date of issuance by SERC of a Notice of Confirmed Violation (NOCV) and the final penalty amount and other sanction
- a copy of the NOCV when issued to the Registered Entity
- final disposition of an enforcement action via Settlement Agreement including the penalty and sanction
- a copy of the Settlement Agreement
- any Remedial Action Directive (RAD) issuances by SERC and associated status updates and status of any appeal of the RAD by the Registered Entity
- a copy of the RAD

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4.1.4 Issuing Notices to Registered Entity

The Compliance Director will issue the appropriate notices to the Registered Entity (NAVAPS, NOCV) via certified mail and email, with a copy to NERC, using the templates developed by NERC and the regions. Such notices provide detail on SERC determination of the Alleged Violation and the Confirmed Violation along with the response options of and required actions by the Registered Entity. In particular, each NOCV issued by SERC shall notify the Registered Entity that it may provide a statement to NERC to accompany the report of the Confirmed Violation when posted by NERC. The statement must include the name, title, and signature of an officer, employee, attorney, or other authorized representative of the Registered Entity.

4.1.5 Supplemental Record Information Notice

After an NOCV or Settlement Agreement has been submitted by SERC to NERC for its approval, or during the preparation of the Notice of Penalty, NERC may request additional information from SERC to supplement the record regarding a Confirmed Violation or Settlement Agreement. In such event, SERC may issue to the Registered Entity a Supplemental Record Information Notice (SRI) explaining the additional information provided to NERC and providing the Registered Entity with an opportunity to submit a statement in response to the SRI. The Compliance Director will issue the SRI to the Registered Entity via certified mail and email, with a copy to NERC, using the template developed by NERC and the regions. The SRI provides detail on the supplemental record information provided by SERC to NERC for preparation of the Notice of Penalty along with the response options of the Registered Entity.

4.1.6 BAL -001 and BAL-002 Reports

Designated SERC staff provides summary reports to NERC detailing compliance with BAL-001 (Real Power Balancing Control Performance – CPS) and BAL-002 (Disturbance Control Standard - DCS) no later than the 20th day of the month following the end of each calendar quarter.

4.1.7 Vegetation Related Outage Information

Designated SERC staff provides a report to NERC regarding vegetation-related outage information reported by SERC transmission owners within 48-hours of receipt of the report from the transmission owner. In addition, designated SERC staff provides a quarterly report to NERC regarding vegetation-related outage information reported by SERC transmission owners. These reports include any action taken by SERC as a result of any of the reported outages.

4.2 Notice of Penalty

Upon NERC Board of Trustees Compliance Committee approval of an enforcement action set forth in a NOCV or Settlement Agreement, NERC prepares a Notice of

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Penalty to file with the Commission. NERC may provide SERC with a draft of the Notice of Penalty for its review and comment prior to finalizing the Notice of Penalty for filing with the Commission. During its review of the draft Notice of Penalty, SERC Compliance staff will seek to ensure that the information contained in the Notice of Penalty is accurate and complete. SERC Compliance staff will also seek to obtain from the Registered Entity appropriate contact information to establish a service list for the Notice of Penalty filing. To the extent possible, SERC Compliance staff will attempt to notify the Registered Entity of the pending filing of the Notice of Penalty with the Commission; however, the timing and content of the filing is solely within NERC's discretion. The Registered Entity will be served with a copy of the Notice of Penalty filing from NERC upon its submittal to the Commission. At the same time, the Notice of Penalty will be publicly posted on NERC's website.

4.3 Confidentiality of Enforcement Information

Until such time as the Notice of Penalty associated with a Confirmed Violation or Settlement Agreement is filed with the Commission for approval, all information regarding the enforcement action will remain confidential and non-public within SERC and NERC. NERC reports detailed information on possible violations and submits copies of Mitigation Plans to the Commission as non-public confidential information until the Notice of Penalty is filed, at which time any information regarding the Confirmed Violation or Settlement Agreement may be posted publicly unless specifically marked as confidential pursuant to Section 1500 of the Rules of Procedure.

4.4 Interaction with the Board Compliance Committee

The Compliance Director will make routine summary reports to the SERC Board Compliance Committee regarding all in-process compliance activities. Detailed information on specific enforcement actions, sanctions or penalties are not disclosed to the Board Compliance Committee until a Confirmed Violation or Settlement Agreement is presented to the Board Compliance Committee for its approval. When Mitigation Plans are submitted to the Board Compliance Committee in the course of regional acceptance of the Mitigation Plan, a summary of the violation is included so as to inform the Board Compliance Committee of the nature of the violation for purposes of determining the appropriateness of the actions contained in the Registered Entity's Mitigation Plan.

At least 5 business days prior to a meeting of the Board Compliance Committee, the Compliance Director will notify the SERC Board Compliance Committee of all Confirmed Violations and Settlement Agreements, including a copy of the Notice of Confirmed Violation or Settlement Agreement containing the final proposed penalty or sanction and complete details of SERC staff's determinations of proposed sanctions and penalties.

4.5 Interaction with the NERC Board of Trustees Compliance Committee

The SERC Compliance Director (or designee) provides monthly summary reports to the NERC Board of Trustees Compliance Committee during closed meetings. Such summary reports include new possible violations and status of in-process compliance actions, including Mitigation Plans.