

Compliance Monitoring and CIP Standards

Peter Wong – Director, Compliance
for Security Working Group Meeting
September 10, 2009

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Agenda Topics



1. NERC Implementation program
2. NERC Technical Feasibility Exceptions
3. General Update on Compliance Monitoring Program
4. Looking ahead in 2010
5. Questions, comments, and advice?

Part 1 CIP – Implementation Plans

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Topic Summary



- NERC introduces Implementation Plan for CIP standards
 - What is the Alberta direction?
 - What is the plan to adopt this?
 - What needs to be done?
 - How would compliance be done on a CIP standard?

NERC CIP Implementation Plan - Highlights



- CIP-002 through CIP-009 are in effect as of June 1, 2006 in the US
- Compliance assessments occurred in the US, starting July 17, 2007
- Recognized that entities need time to be compliant with CIP standards
- NERC put forward an implementation program
 - Schedule of dates and target levels
 - Includes regular audit checks to check progress
 - Not regionally administered, but through NERC
 - Target dates may vary by standard or requirement

- *Reference - NERC Implementation Plan for Cyber Security Standards CIP-002-1 through CIP-009-1*

Alberta Direction for CIP Standards



- Recognize Alberta has the same challenges as in the US in getting ready
 - Support a phased in approach for entities to be compliant to CIP standards
 - Applies to all entities in Alberta, including AESO
 - Will require AUC approval of effective dates and implementation dates
 - Should align to NERC program to extent possible

Development Plan and Approach

- AESO will develop guidelines to help with the process
 - To attain process consistency, NERC alignment, and documentation
- SWG and AESO will set the implementation dates for each standard or requirement
 - Using the guideline to assist
 - Incorporate the date into the 'Effective Date' section
 - Done with each standard
- Approvals
 - AUC Approval is required
 - Administrative treatment will be discussed with the AUC

Compliance + Approved Standard/Requirements



- Compliance will only be assessed against the progress of the implementation specified in the approved standard
 - If the approved standard/requirement states, ‘Substantially Compliant by 3Q2010’
 - Compliance will assess as to whether that level has been achieved
- As with any standard, the market participant
 - Is expected to be compliant to the standard
 - Is expected to retain evidence to demonstrate compliance
 - Evidence may be project plans, monthly progress reports, purchases or contracts, inspections or acceptance tests, system audits, etc.
- Referrals will be made as per any standard
 - Not meeting ‘implementation’ targets as specified in the standard is not being compliant with the standard
 - A referral will be made, as with any ‘suspected’ non-compliance event

Part 2 – Technical Feasibility Exceptions

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Topic Summary:



- NERC introduce the concept of ‘Technical Feasibility Exceptions’ or TFEs
 - What is the Alberta direction?
 - What is the plan to adopt this?
 - What needs to be done?
 - Timeline?

NERC - TFE Background



- NERC proposed in March 2009 to address specific situations where it is not possible to ‘strictly comply’ with a requirement
 - Proposed NERC S3.2 ‘<the TFE> requires the Responsible Entity to implement and maintain an alternate approach to achieving compliance with the Applicable Requirement, through the use of compensating measures and/or mitigating measures.’
 - Proposed NERC S 3.3 ‘the Responsible Entity will be expected to achieve Strict Compliance with the applicable requirement by the Expiration Date’ <of the TFE>.
 - NERC will evaluate each TFE without any pre-approval – if not approved -> treated as non-compliant
 - Regional entities will audit to an approved TFE

Alberta Direction for TFEs

- Makes sense to align Alberta to the NERC directions to the extent possible
 - NERC will not have approval authority in Alberta
 - Process in Alberta is more complex with 3 agencies versus a single agency in the US
 - Structure is very similar to ‘Mitigation Plans’ currently under consideration for all standards and rules
- Really 2 separate but related pieces
 - What qualifies as an ‘valid’ exception?
 - How do we process that in Alberta?

Development Plan and Approach

- What qualifies as a Valid Exception ...
 - AESO and SWG will need to define what are ‘valid’ exceptions for each standard
 - Must have alignment to the NERC framework
 - Is quite a technically oriented question
- How do we process an exception ...
 - AESO/AUC/MSA will need to define a process for handling ‘exceptions’
 - What agency does what and is it within the roles and responsibilities
 - Similar to issues relating to ‘mitigation plans’
- When is it needed...
 - CIP standards need to be approved first – July 2010 [This date is under review.]
 - CIP standards need to be fully implemented ~ up to 2 years after approval?
 - TFE process will need to be put in place before that date
 - Benefit of following NERC development
- Standards Adoption...
 - Define what allowable TFEs for the standard are
 - Include them in the standards

Part 3 – Compliance General Update

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Monitoring of Reliability Standards



- Documentation of Framework
 - Regulations (Bill 50 and Transmission Regulation) set the ISO as the monitoring authority for reliability standards
 - ISO Rule12 sets out the process for monitoring of both Rules and Standards
 - AESO Compliance Monitoring Program (CMP) sets out the overall program for monitoring or reliability standards
 - Specific process guidelines describe processes and other administrative steps in further detail
 - Audit worksheets (RSAWs) are being developed for each standard – will be made available to market participants

On the policy end...

- Proposed Bill 50
 - Clarifies that MSA has role of enforcement for Reliability Standards; and
 - Clarifies that AESO has role only of monitoring compliance
- AUC Consultations
 - To improve the MSA hearing process <will apply to reliability standards>
 - To review AUC Rule 17 enforcement penalties and inclusion of standards
- Mitigation plans for Reliability Standards
 - Discussion initiated may be AUC consultation?
 - New – TFE approval process

Timelines – Compliance Activities



- Focus is on establishing processes for industry
 - January 2009 – Compliance Monitoring Program finalized
 - July 2009 - Registration Guidelines posted
 - August 2009 – Market Participants are registered
 - August 2009 – Data Submission Guidelines posted – submissions being received
 - October 2009 – Self-Certification process roll out expected
 - December 2009 – Audit process roll out expected

Looking Ahead to 2010



- Focus in 2010 – start assessments...
 - Self-certification will start in 1Q2010, details to come with self-certification process rollout
 - Spot audits to start in 2/3Q2010, details to come with audit process rollout
 - AESO will put out a 2010 compliance activities schedule before the end of 2009
 - Schedule – dates and details for 2010 compliance activities
 - Should include details on timing, standard, activity

Questions?



Questions?

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