

BPA Policy 233-2

FERC Reliability Compliance

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1. Purpose & Background

The reliability of the Bulk Electric System (BES) is a national concern. The Federal Power Commission, subsequently renamed Federal Energy Regulatory Commission (FERC) with the 1974 Energy Reorganization Act, was established in the 1960s. The first voluntary reliability standards were created under the auspices of North American Electric Reliability Corporation (NERC) and regional entities, including Western Electric Coordinating Council (WECC) predecessor Western Systems Power Pool.

In response to a widespread cascading blackout that originated on the east coast during the summer of 2003, Congress drafted and passed the Energy Policy Act of 2005 granting FERC the authority and responsibility to safeguard the reliability of the BES. FERC delegated the development of mandatory reliability standards to the NERC on April 4, 2006. Compliance with the NERC reliability standards became mandatory on June 18, 2007.

This policy ensures BPA's commitment to the assurance of BES reliability through compliance with the mandatory NERC Reliability Standards. This is demonstrated through BPA Policy 130-5, Functional Statement for Office of Compliance, Audit and Risk, establishing the FERC Compliance Office for planning, development, and administration of programs related to management of FERC Compliance, including, but not limited to, the NERC Reliability Standards. BPA's Executive Vice President of Compliance, Audit and Risk Management directs BPA organizations to fully comply with all mandatory reliability standards.

2. Policy Owner

This policy is owned by the Executive Vice President of Compliance, Audit and Risk Management. The FERC Compliance Manager is responsible for implementing and administering this policy in accordance with the Reliability Compliance Office's (RCO) documented procedures in the [Standards and Procedures Library](#) located on the RCO's internal SharePoint website.

3. Applicability

This policy applies to all BPA governance activities supporting BES reliability through compliance with both the NERC and WECC Reliability Standards and the supporting materials published by FERC, NERC, and the WECC.

4. Terms & Definitions

- A. **Critical Infrastructure Protection (CIP) Reliability Standards:** The CIP Reliability Standards require applicable owners and operators of the Bulk Electric System to comply with requirements to safeguard against cyberattacks and physical attacks on

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critical infrastructure. These standards were originally authorized through FERC Order 706.

- B. **Federal Energy Regulatory Commission (FERC):** FERC is an independent government agency delegated by Congress with the authority to regulate the energy infrastructure of the United States including the transmission of electricity.
- C. **North American Electric Reliability Corporation (NERC):** NERC is a non-profit international regulatory authority delegated by FERC to develop and enforce standards for assuring the reliability and security of the BES in the United States and portions of Canada and Mexico.
- D. **Operations and Planning Reliability Standards:** The Operations and Planning Standards govern how an entity plans the use and operation of its facilities, which are defined as part of the BES. These standards were originally authorized through FERC Order 693.
- E. **Potential Non-Compliance:** An incident occurring on the bulk power system that could be a violation of the reliability standards.
- F. **Western Electricity Coordinating Council (WECC):** WECC is an independent, non-profit corporation delegated by NERC and FERC to promote the reliability of the BES in the geographic area known as the Western Interconnection.

5. Policy

BPA complies with the requirements specified by FERC for reliability of the BES, further clarified within the following sections of this policy.

- A. **NERC and WECC Reliability Standards:** To provide reasonable assurance of BES reliability, BPA complies with
 1. Applicable NERC Reliability Standards and WECC Regional Standards.
 2. NERC requirements in the annually published Electric Reliability Organization (ERO) Enterprise Compliance Monitoring and Enforcement Implementation Plan; and,
 3. Applicable compliance directives issued by FERC, NERC, and WECC to provide a reasonable assurance of BES reliability.

The active standards are available in [NERC’s Reliability Standards Library](#).

- B. **Compliance Incident Lifecycle Management:** In cases where a potential non-compliance incident has occurred, BPA investigates and reports these incidents to WECC, and mitigates all actual instances of non-compliance through the documented procedures in the [Standards and Procedures Library](#) on the Reliability Compliance internal SharePoint website.
- C. **Evidence Retention for Compliance:** BPA retains compliance evidence as identified below:

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1. Evidence for each applicable NERC Reliability Standard for three calendar years or for a longer period as directed by NERC.
2. If BPA is found non-compliant, evidence related to the non-compliance is retained until mitigation actions are verified to be complete and are approved by WECC, or for three years, whichever is longer.

D. **Reliability Standards Development and Implementation:** BPA is an active participant in both NERC’s and WECC’s standard development processes, ensuring that BPA remains aware of changes to reliability standards and that BPA’s interests and the reliability of the BES are considered during the standard development process. This program is managed by the RCO according to the documented procedures located in the [Standards and Procedures Library](#) on the Reliability Compliance internal SharePoint site.

Once an applicable standard is approved, BPA plans implementation of the standard using the Reliability Standards Implementation Planning Process’s (RSIPP) documented procedures to ensure compliance with the new/revised requirements prior to the mandatory effective date.

- E. **Compliance Monitoring Plan:** BPA conducts an Inherent Risk Assessment each year and the resulting ratings are used to determine the level and frequency of oversight activity. The oversight plan is published and updated at least annually.
- F. **Employee Participation:** All BPA employees actively participate, as requested, and fully cooperate with any audit, investigation, reporting, or other actions or activities related to BES reliability in a timely manner.
- G. **Operational Considerations:** BPA weighs operational considerations when developing, implementing, and monitoring reliability standards.

6. Policy Exceptions

None.

7. Responsibilities

A. Reliability Officer

1. Coordinates compliance with all applicable NERC and WECC reliability standards, associated reporting and other activities.
2. Leads and manages implementation of, and adherence to, all applicable NERC and WECC reliability standards.
3. Oversees the operations that impact reliability. In this capacity, the Reliability Officer is also responsible for providing certification of reliability activities for compliance purposes to WECC, NERC, and FERC, such as the completion of mitigation plans and self-certifications.

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4. The Reliability Officer role is currently filled by the VP of Transmission Planning and Asset Management.
- B. Reliability Compliance Committee (RCC):** The RCC is a subcommittee administered by the Audit, Compliance and Governance Committee (ACGC). The RCC:
1. Provides leadership, planning, and coordination to ensure BES reliability through Reliability Compliance objectives and requirements.
 2. Provides oversight of reliability compliance programs to proactively manage and implement strategic choices contributing to BES reliability.
 3. Ensures management accountability so standard ownership is vested in the appropriate Reliability Standard Owner (RSO) and implemented by the appropriate individuals.
- C. Chief Compliance Officer (CCO):** The CCO is the head of BPA’s Compliance and Governance organization and is responsible for collaborating with the Reliability Officer on reliability compliance issues and participating in resolution of compliance-related disputes.
- D. Critical Infrastructure Protection (CIP) Senior Manager:** As required by the NERC CIP standards, the BPA Administrator designates a CIP Senior Manager who is responsible for leading and managing BPA’s implementation of, and compliance with, the NERC Reliability CIP standards to further BES reliability. The CIP Senior Manager is responsible for collaborating with the Reliability Officer and the CCO on CIP-related BES reliability issues.
- E. FERC Compliance Manager**
1. Supervises the FERC Compliance organization, which includes the RCO.
 2. Has the authority and responsibility to recommend, establish, and monitor the activities necessary to assure and/or restore BES reliability through compliance with the NERC and WECC Reliability Standards.
 3. Additionally, the FERC Compliance Program Manager has the authority to develop and recommend changes to BPA programs, processes, procedures, plans, standards, and guidelines designed to improve and sustain the reliability of the BES.
- F. Reliability Compliance Office (RCO)**
- Recommends, establishes, implements, and administers programs, policies and procedures necessary to monitor BPA’s compliance with the NERC Reliability Standards. This program and associated processes are documented in the Reliability Compliance Office Program Manual and the specific procedures located in the [Standards and Procedures Library](#) on the Reliability Compliance internal SharePoint.
- G. Reliability Standard Owner (RSO):** RSOs are appointed by their Tier II executive to oversee the lifecycle of a NERC reliability standard. The RSO is the primary owner of

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assigned NERC reliability standards. The RSO is responsible for certifying compliance and representing BPA during internal and external audits. Because of these duties, RSOs must be Federal employees.

H. **Subject Matter Expert (SME):** SMEs are responsible for operational compliance with reliability standards as well as for documenting compliance activities. SMEs interact with the RCO to investigate potential issues of non-compliance, manage self-reports and mitigation plans, and gather and organize compliance documentation. The SME is responsible for certifying evidence. SMEs are also responsible for providing data and granting interviews during internal and external spot checks, investigations, and audits. Because of these duties, SMEs must be Federal employees.

I. **Managers and Supervisors**

1. Implement and administer NERC and WECC reliability standards pertaining to their organizations.
2. Cooperate with the RCO in all activities related to monitoring, administering, maintaining, and improving the reliability of the BES.
3. In cases where potential non-compliance incidents are discovered in their organizations, they are required to report per the documented procedures of the RCO.

8. Standards & Procedures

All current and active standards and procedures are located on the [Standards and Procedures Library](#) on the Reliability Compliance internal SharePoint website. The Reliability Compliance Program Manual describes the activities the RCO uses to provide compliance monitoring and oversight to assure reliability of the BES. This library has procedures in the following categories:

- A. **Compliance Administrative Processes:** Procedures relating to administrative processes of the RCO are located in this folder.
- B. **Compliance Incident Lifecycle Management:** Procedures relating to Compliance Incident Lifecycle Management are located in this folder.
- C. **Compliance Monitoring and Oversight Planning:** Procedures relating to monitoring and oversight planning are located in this folder.
- D. **Self-Certification and Audit:** Procedures for annual WECC Self Certification and WECC Audit are located in this folder.
- E. **Standards Development and Implementation:** Procedures relating to Reliability Standards Development and implementation.

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9. Performance & Monitoring

This policy is monitored and enforced by the Compliance, Audit and Risk organization. The RCO actively monitors and supports Bulk Power System reliability through compliance with this policy and the NERC Reliability Standards via annual Self Certifications, Internal Control Evaluations, periodic spot checks and WECC audits. These monitoring activities are conducted using the documented processes and procedures listed in Section 8.

10. Authorities & References

- A. [PL 109-58; Energy Policy Act of 2005](#)
- B. [FERC Order No. 693](#)
- C. [FERC Order No. 706](#)
- D. [Reliability Compliance](#) SharePoint site on BPA Connection.
- E. [BPA Policy 130-5](#), Functional Statement for Office of Compliance, Audit and Risk Management
- F. [2017 ERO Enterprise Compliance Monitoring and Enforcement Implementation Plan, Version 2.4](#)
- G. [Library of active mandatory NERC reliability standards](#), Critical Infrastructure Protection and Operation and Planning Standards.

11. Review

This policy is reviewed annually by the RCO and revised as necessary. This policy is subject to an automatic sunset review to be conducted no later than 2023.

12. Revision History

Version Number	Issue Date	Brief Description of Change or Review
1.0	6/1/2018	Initial publication

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