

# **Compliance Monitoring Opening Presentation**

**Reliability & Security Oversight**

**Electric Reliability  
& Security for the West**



# Agenda

- Compliance Authority
- Mission
- WECC's Footprint
- Audit Engagement
- Post Audit Process
- Confidentiality

# Compliance Authority



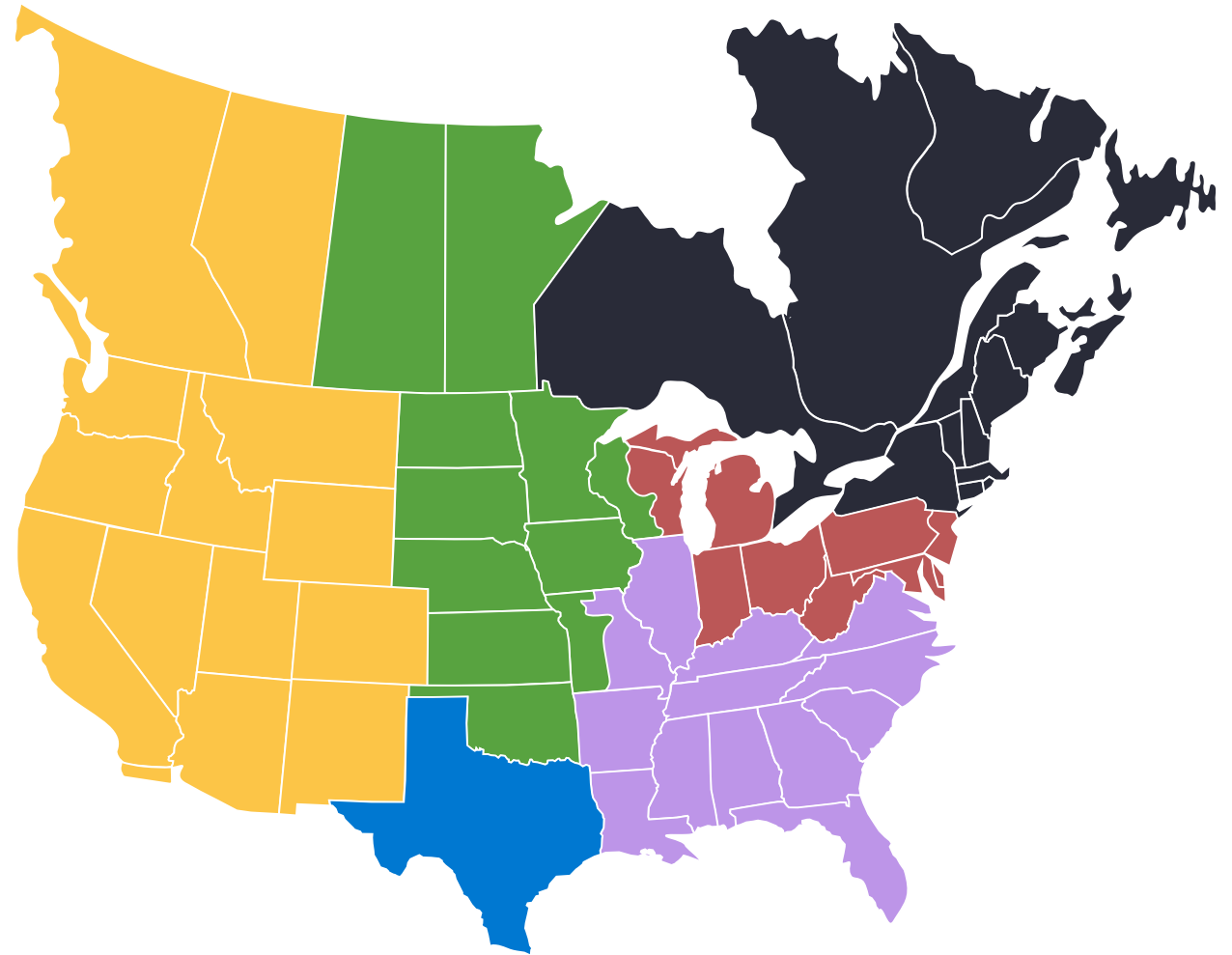
# Mission



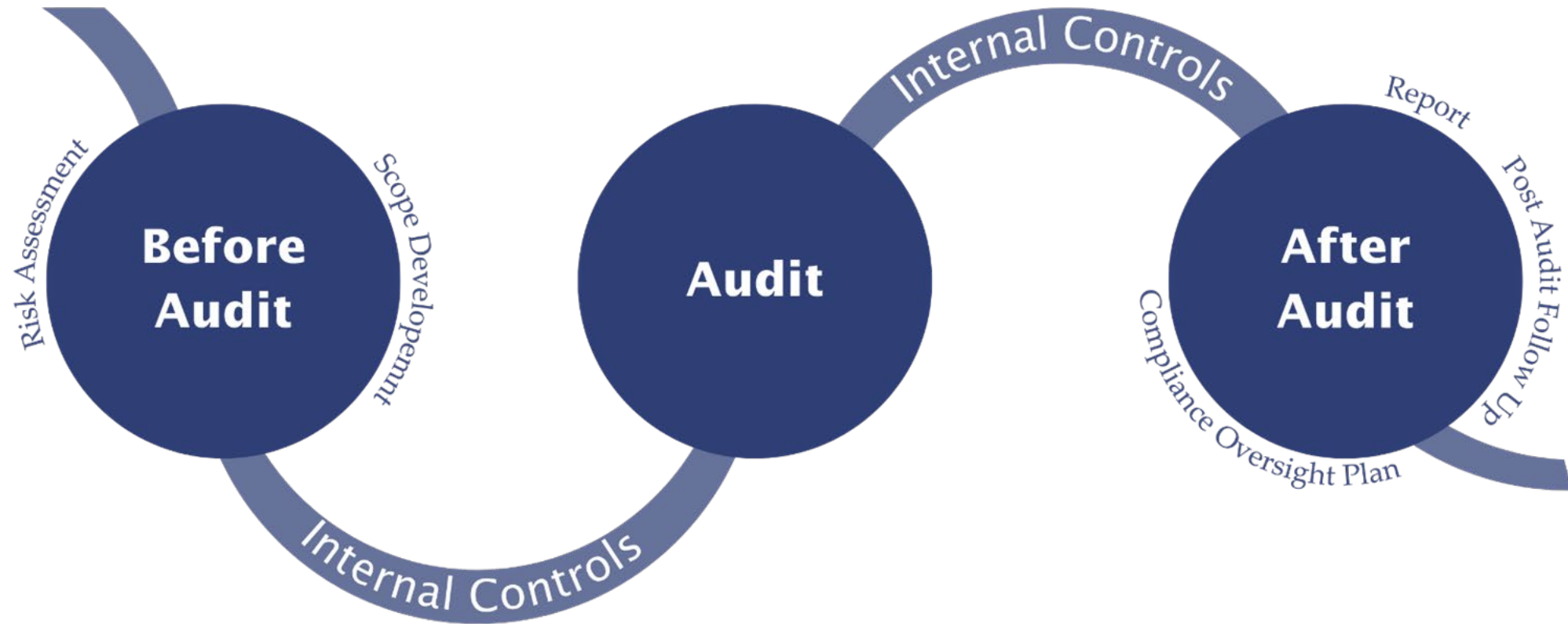
**To effectively & efficiently mitigate risks to the reliability & security of the Western Interconnection's Bulk Power System**

# WECC's Footprint

All or part of 14 Western states, the provinces of British Columbia and Alberta, and part of Baja California Norte, Mexico.



# Audit Processes



# Intent of Audit Processes

- Analyze internal controls to assess an entity's ability to identify and mitigate risks
- Strengthen knowledge of Reliability Standards
- Identify and share best practices
- Enhance partnership and trust of WECC audit processes
- Feedback for future improvement



# WECC Regulatory Philosophy

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- Be an informed regulator with an understanding of the Western Interconnection and risks and challenges facing entities.
- Identify top risks to support meaningful oversight activities and enhance reliability and security.
- Exercise discretion responsibly in a manner that focuses efforts on reliability and security.
- Committed to equitable outcomes with impartial, independent review and analysis



# Inputs to Audit Processes

**Evidence  
Provided**



**Compliance  
Narratives**



**Site Visits &  
Onsite  
Activities**



**Interviews**



**Request for  
Information  
Responses**



# Audit Schedule



*All evidence must be submitted by close of business the day before the closing*

# Audit Conclusions

- Findings represent an audit team consensus
- Audit Team determines:
  - No Finding
    - The audit team did not find any Potential Noncompliance
  - Open Enforcement Action
  - Potential Noncompliance
    - You (the entity) will be informed of any findings of Potential Noncompliance as they are discovered
  - Not Applicable
    - The audit team determined that a Requirement does not apply to entity



## Audit Conclusions cont.

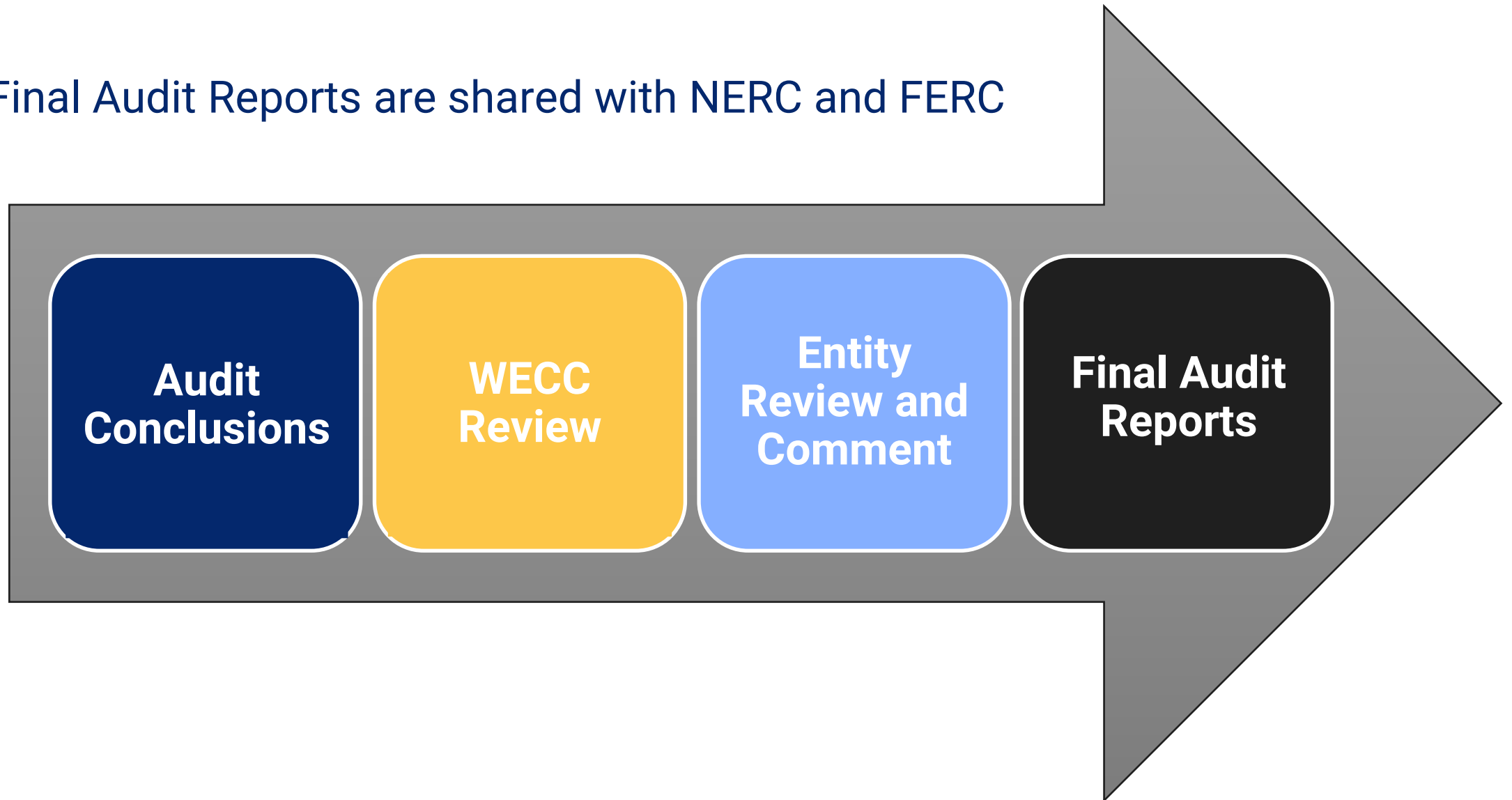
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- Recommendation
  - Suggested improvements in the compliance program, control-related processes, procedures, or tools to enhance the reliability, security, or resiliency of the BES.
- Area of Concern
  - A situation that, if not addressed, could develop into future noncompliance or risk to the BPS. Ineffective or nonexistent internal controls may contribute to an area of concern.
- Positive Observation
  - A conclusion reached during an audit that relates favorably with respect to the quality of the registered entity's processes, controls, or corporate culture of compliance.

*\*Definitions Source: ERO Enterprise Compliance Monitoring and Enforcement Manual*

# Audit Report

- Final Audit Reports are shared with NERC and FERC



# Confidentiality

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- WECC will treat all information it collects during the audit process as Confidential Information in accordance with Section 1500 of the NERC Rules of Procedure
- Your organization should mark as confidential any information it submits to WECC that it believes contains Confidential Information, as described in Section 1500
- WECC shares Confidential Information with NERC. WECC must also disclose confidential information to FERC upon request and notice to the entity.
  - Markings preserved

## Observers from FERC or NERC

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- Primary purpose is to review WECC's audit process
- All audit evidence provided to the auditors will be shared with the observers
- FERC and NERC observers are also required to maintain the confidentiality of audit information



# Reliability, Security, and Resilience







# WECC



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