

Compliance Monitoring Opening Presentation

Reliability & Security Oversight

**Electric Reliability
& Security for the West**

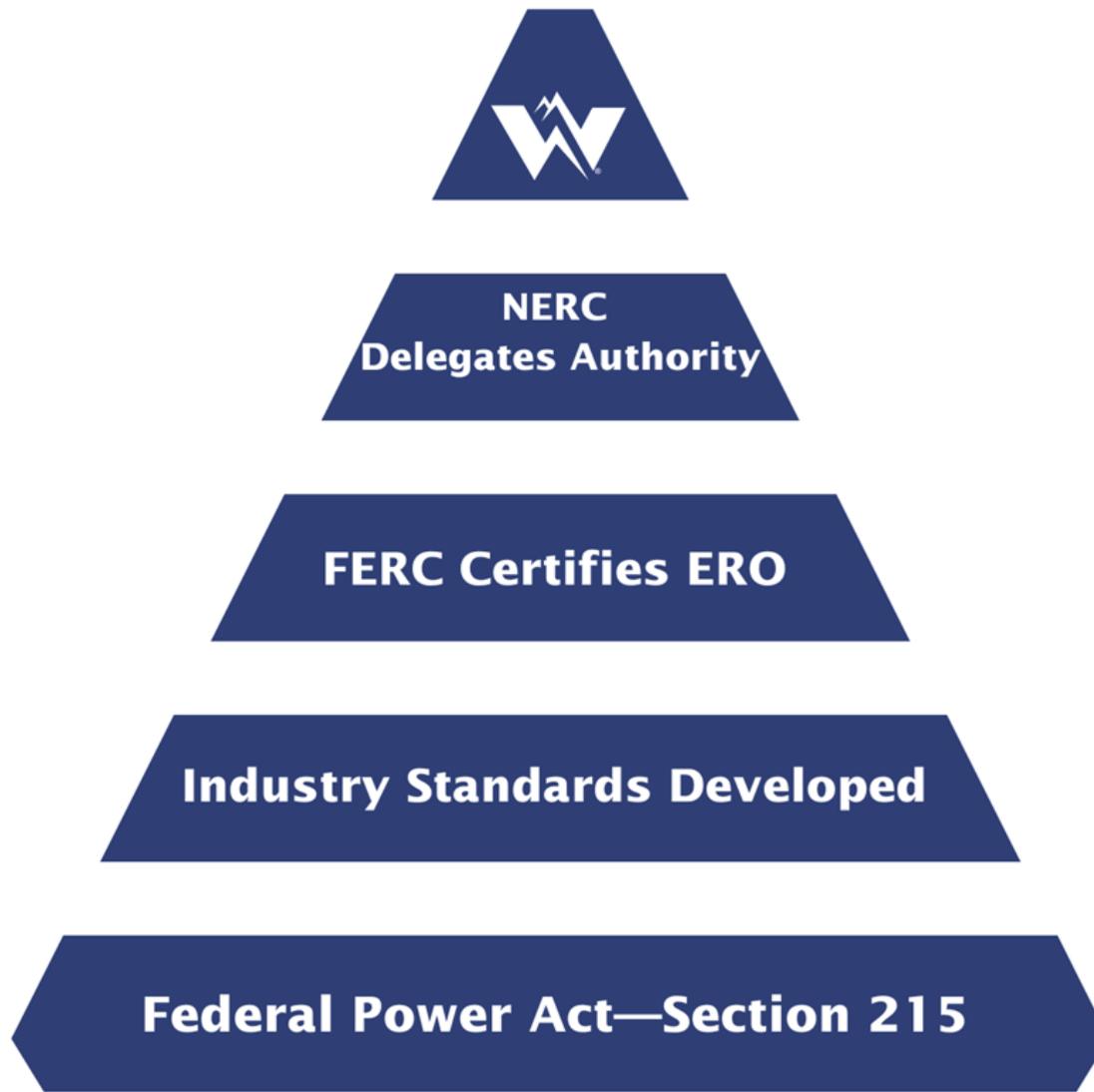


Agenda

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

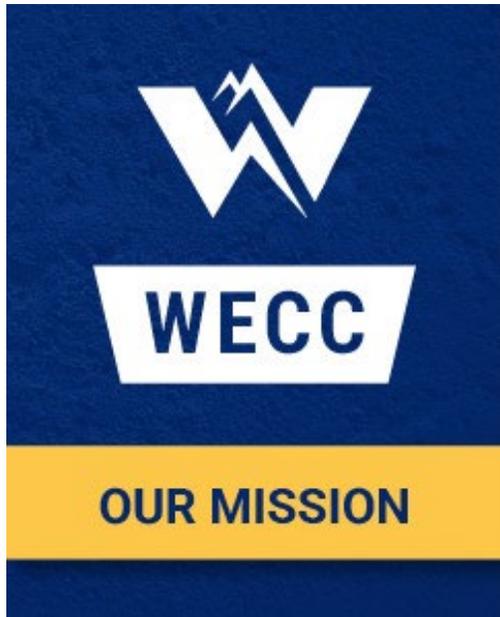


Compliance Authority





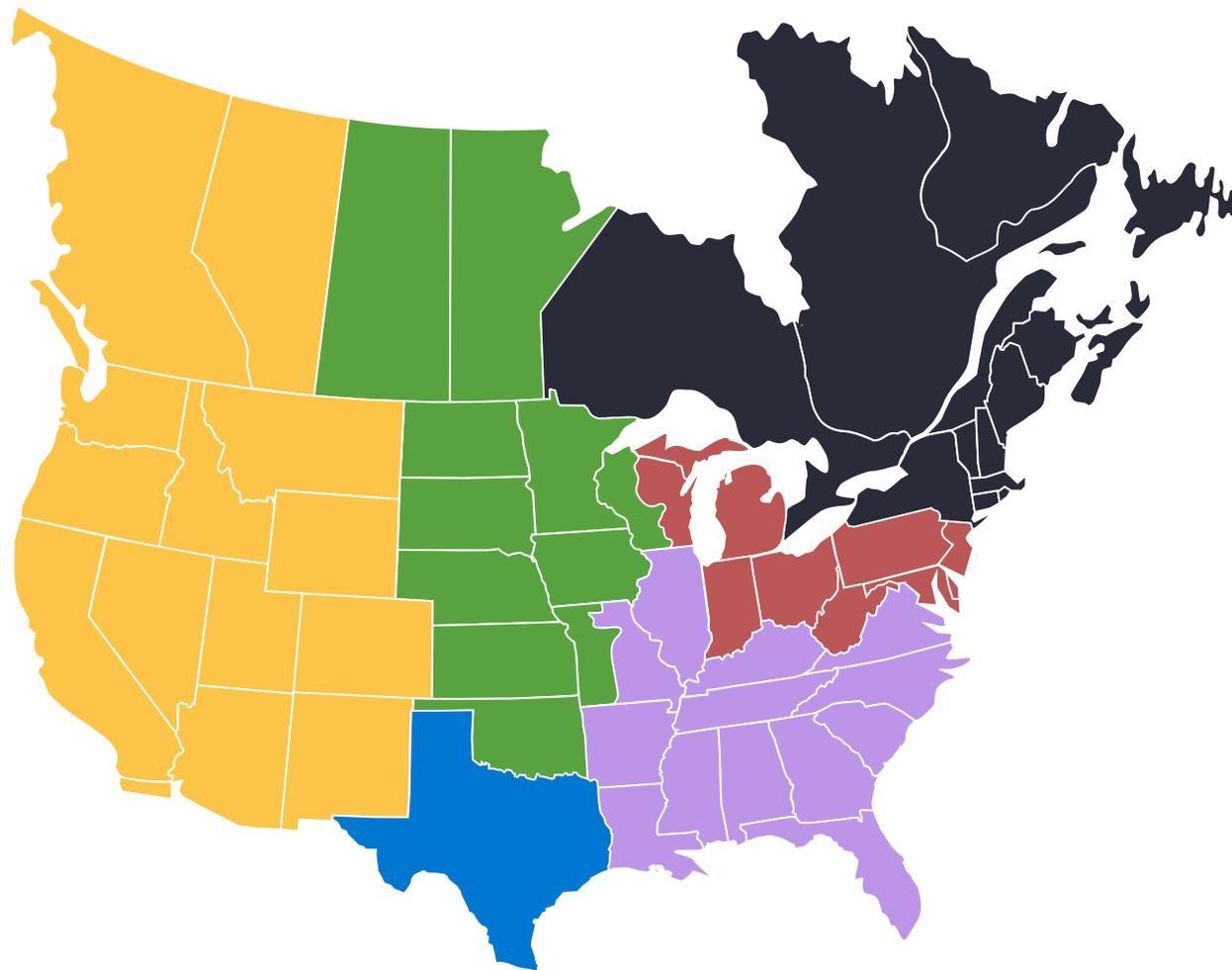
Mission



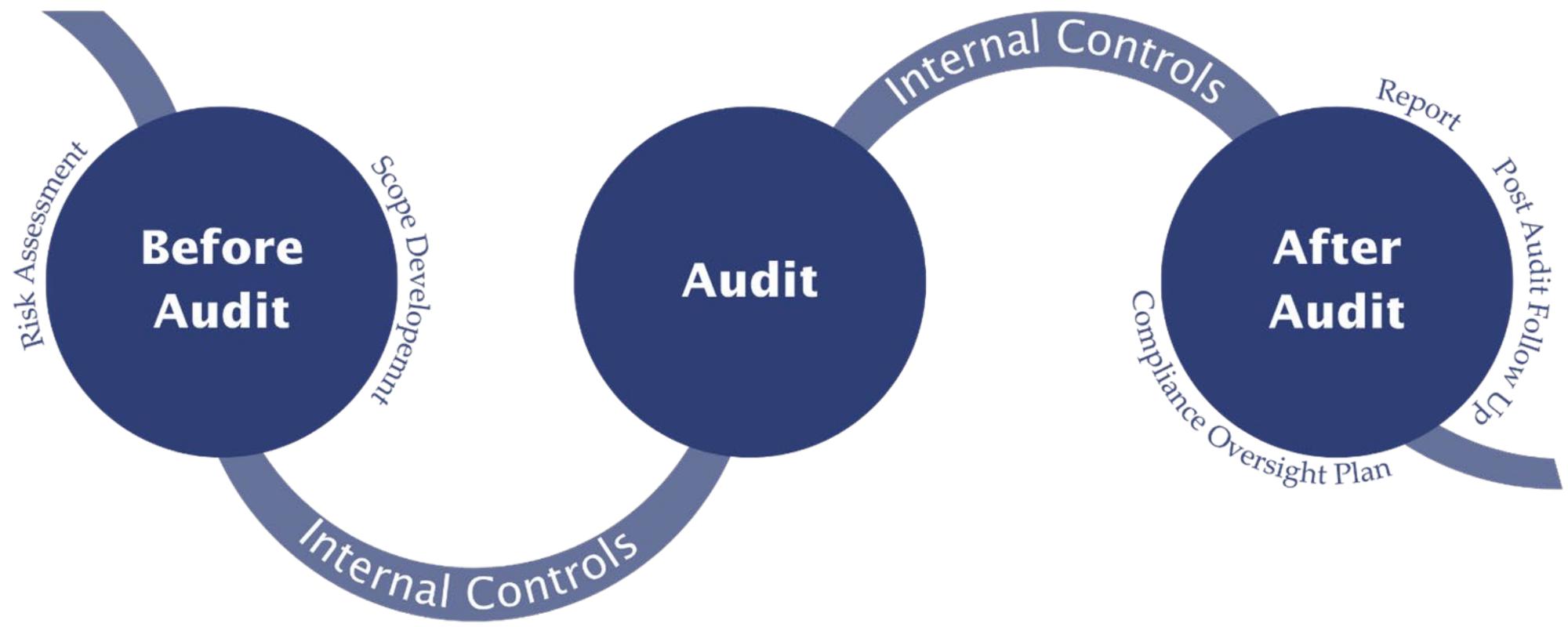
To effectively & efficiently mitigate risks to the reliability & security of the Western Interconnection's Bulk Power System

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

- 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



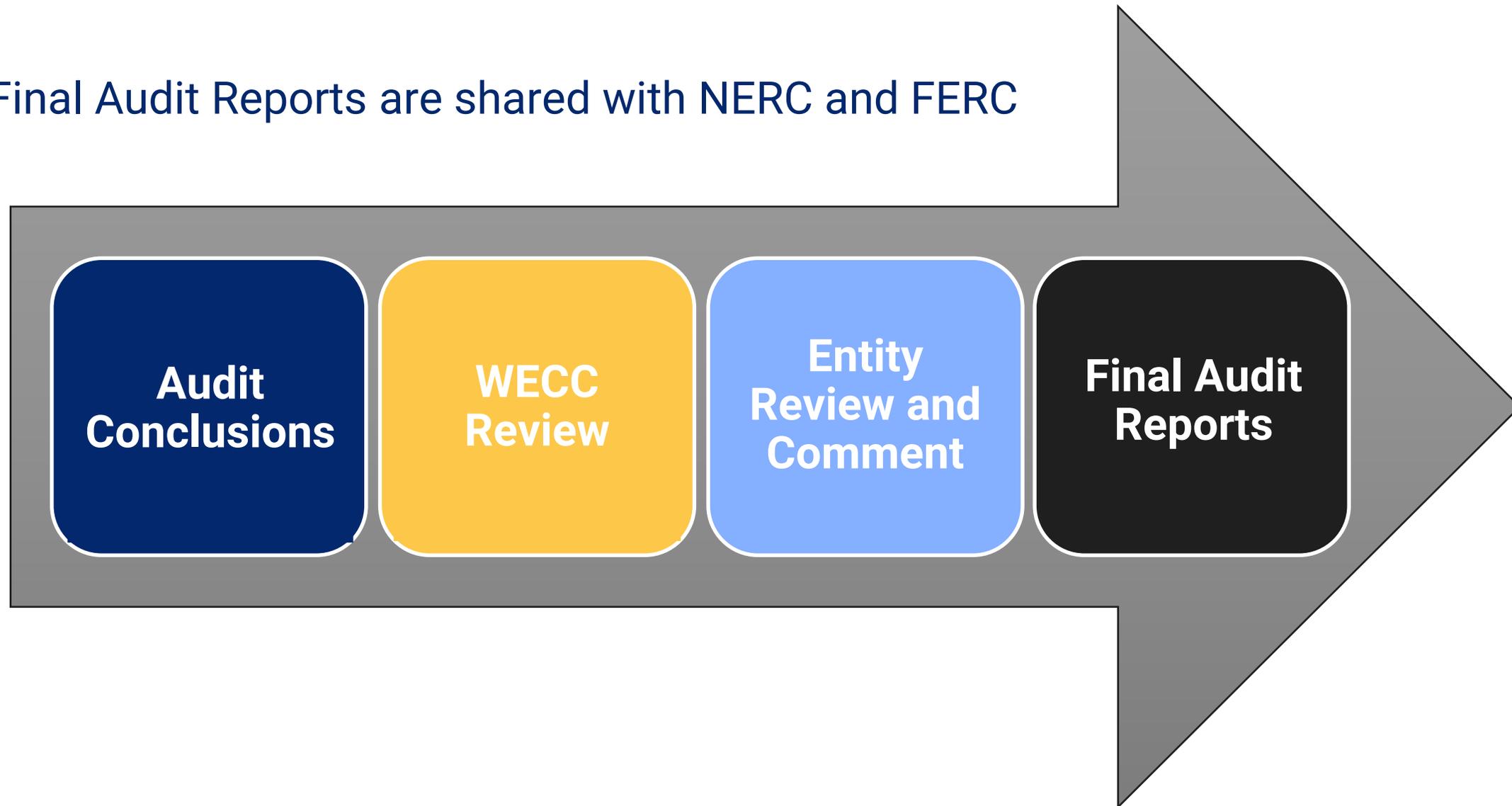
Audit Conclusions cont.

- 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

- 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

- 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





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