

**NEW YORK STATE RELIABILITY COUNCIL**  
**MEETING 213: January 12<sup>th</sup>, 2017**  
**Report for Agenda Item 8.1: Michael Forte**  
**NPCC Board of Directors Report**

The upcoming NPCC Board of Directors (BOD) meeting will be held on February 1st. The following is a summary of the President's Report from the most recent NPCC BOD Meeting, held on December 7, 2016.

**NPCC BOD President's Report**

The President's Report from the end-of-the-year NPCC BOD meeting highlighted three key areas of success from 2016: (i) Electric Reliability Organization (ERO) Enterprise Efficiencies, (ii) NERC Oversight Plans, and (iii) Risk-Based Compliance.

**I. ERO Enterprise Efficiencies**

**a. Overview**

- i. The ERO Executive Management Group (EMG), which consists of the NERC President and CEO and the Presidents and CEOs of the eight Regional Entities, met regularly throughout 2016 to establish strategic direction and to address policy issues for the ERO Enterprise.
- ii. In order to keep the ERO EMG agenda strategically focused, an ERO Operations Leadership Team was established to address any specific implementation issues.
- iii. The thorough, staged development and implementation of Enterprise-wide IT projects, under the direction of the ERO Technology Leadership Team, is driving both consistency and efficiencies in Enterprise-wide efforts.

**II. NERC Oversight Plans**

**a. Overview**

- i. NERC and the Regional Entities jointly develop a series of program-level oversight activities for ERO Enterprise-wide compliance management and enforcement.
- ii. The objective of these activities is to not only satisfy NERC's statutory requirement to conduct oversight, without the need for time consuming and disruptive formal audits, but to also help drive consistent and efficient practices by the Regional Entities.

**III. Risk-Based Compliance**

**a. Summary**

- i. A risk-informed compliance approach focuses compliance monitoring on the greatest risks to Bulk Power System (BPS) reliability while leveraging the inherent risk and internal controls of the registered entity.
- ii. An entity's overall risk assessment has two main components to it:
  - *Inherent Risk Assessment (IRA)*. The IRA looks at an entity's size, functions, location, and historical compliance performance in order to gauge the potential risks that could be attributed to that registered entity.
  - *Internal Controls Evaluation (ICE)*. The ICE is an opportunity for an entity to

reduce its audit scope by showing exemplary internal controls.

**b. NPCC Region**

- i. The NPCC 2016 Corporate Goals challenged NPCC Staff to complete IRAs for all registered entities in 2016.
- ii. Similarly, NPCC led the way in ICE program development and set the most aggressive ICE goal of any of the Regional Entities.
- iii. Taken together, these two activities have yielded a more efficient, targeted, and successful compliance program and advanced savings associated with the implementation of the Compliance Management and Enforcement Program (CMEP).