

# Oversight Committee

January 24, 2018

## Results of 2017 NPCC Audit

# Agenda

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- Background
- Audit Preparation
- Audit Results
- Other 2017 Compliance Accomplishments

# Background

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- The North American Electric Reliability Corporation's (NERC) mission is to assure the reliability and security of the Bulk Electric System (BES) in North America.
  - NERC develops and enforces mandatory compliance with Reliability Standards through eight Regional Entities (RE).
- The Northeast Power Coordinating Council Inc. (NPCC) is the RE responsible for monitoring LIPA's compliance with the NERC Reliability Standards, through:
  - Compliance Audits
  - Spot Checks
  - Self Certifications
  - Periodic Data Submittals
  - Self Reporting
- As LIPA's Service Provider, PSEG LI is responsible for carrying out LIPA's compliance actions

# NPCC's Compliance Monitoring Audit Cycle

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- NERC rules of procedure require NPCC to continually review LIPA's compliance with the Requirements of the applicable NERC Reliability Standards in a accordance with the following audit schedule:
  - Every 3 years
    - Standards for Transmission Operator and Transmission Planner
  - Every 6 years
    - Standards for Transmission Owner and Distribution Planner

# Audit Preparation

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- NPCC Audit Notification Letter 8/29/17
  - Audit scope covered 11 Reliability Standards addressing 42 Requirements for Transmission Operator and Transmission Planner.
- Seventy (70) Reliability Standard Audit Worksheets (RSAWS) and substantial supporting evidence to demonstrate LIPA's compliance were completed prior to the start of the audit.
- Audit completed 11/29/17
  - Report issued by NPCC 12/22/17

# Audit Results

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- No findings of non-compliance for the Reliability Standards and applicable Requirements in scope.
- Area for follow-up
  - Alternate Control Center (ACC) drill scenarios need to include all components of conducting full operations at the ACC
- Positive Observations
  - Normal & Emergency situations are contained in the same procedures to assist Operators.
  - Generator Black Start testing is conducted annually rather than every 3 years.
  - Procedures are available at multiple locations. Backup internet service is available at the Alternate Control Center (ACC).
  - LIPA's Systematic Approach to Training Operators has effective internal controls.
  - LIPA's audits of Operating Personnel Communications Protocols include both verbal and written switching orders.
  - Monthly Alternate Control Center (ACC) tests are conducted.
- NPCC Final Audit Report concluded:

“This successful audit is an indication that LIPA takes compliance seriously and understands the relationship that compliance has to system reliability.”

# Other 2017 Compliance Accomplishments

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- **NERC Alerts**

- Email-based “Alerts” utilized by NERC to disseminate information critical to ensuring the reliability of the BES.
- In 2017 NERC issued four (4) Alerts, which PSEG reviewed and followed the applicable recommended actions to ensure the safe and reliable operation of the LIPA system.

- **Grid EX**

- PSEG was an active participant in this global exercise that was coordinated by NERC and allowed us to test our response and recovery to cyber & physical security threats in a simulated environment.

- **NPCC Internal Control Evaluation**

- Voluntary program with the objective being to focus NPCC compliance oversight efforts by recognizing the internal controls employed to manage reliability risks.
- Benefit is possible future Audit scope reduction.

- **Internal Risk Assessment Update**

- PSEG completed an updated risk-based assessment to assist NPCC in determining the appropriate future compliance monitoring methods, frequency and scope.