



EUCI Presents a Conference on:

PREPARING FOR A NERC AUDIT

August 17-18, 2009 • Hyatt Regency Chicago • Chicago, IL



Sponsors:



EUCI is authorized by IACET to offer 0.9 CEUs for this program.

PREPARING FOR A NERC AUDIT

August 17-18, 2009

OVERVIEW

Entities registered with the North American Electric Reliability Corporation ("NERC") continue to wrestle with the complexities of the NERC reliability implementation, compliance and enforcement process. Full audit schedules within each Regional Entity ensure that the stakes remain high for Registered Entities. Newly enforceable Critical Infrastructure Protection standards add another level of complexity, further demonstrating to the power industry the difficulties of legislating reliability and security. How are companies assessing their situations, prioritizing their responses to new requirements, and meeting the expectations of regulators, customers, and shareholders while maintaining and reporting compliance?

This conference will focus on what can be learned, now that we have experienced the first wave of compliance audits by Regional Entities. Attendees will gain insight from both from the experience of preparing for, conducting and presenting an audit, as well as what standards, requirements and processes are drawing attention and how to mitigate possible penalties. In addition, companies will explain how they have built programs and organizational structures to support a Culture of Compliance.

LEARNING OUTCOMES

Attendees to this conference will be able to:

- Analyze lessons learned by registered entities before, during and after their onsite compliance audits in order to identify successful strategies and avoid common pitfalls
- Discuss the settlement process that occurs after a violation has been found
- Examine the impacts that the CIP standards will have on the existing compliance organization
- identify how Internal Auditors can support the NERC compliance effort
- Recognize how NERC Compliance fits with other enterprise compliance needs and risk management
- Define "culture of compliance" and recognize strategies to build, communicate and demonstrate a culture of compliance, as mandated by NERC

WHO SHOULD ATTEND

- NERC Registered Entities Compliance Directors and Staff, who are scheduled for audits in the next 6 to 12 months
- Employees of RTOs, attorneys, and regulators who are involved in the NERC audit and enforcement process
- Program/Project managers charged with the responsibility of achieving and demonstrating compliance with the NERC reliability standards
- Internal Auditors and external consultants responsible for gap analysis and compliance support
- Regional Entity personnel to include compliance staff and auditors

IACET



EUCI has been approved as an Authorized Provider by the International Association for Continuing Education and Training (IACET), 1760 Old Meadow Road, Suite 500, McLean, VA 22102. In obtaining this approval, EUCI has demonstrated that it complies with the ANSI/IACET Standards which are widely recognized as standards of good practice internationally.

As a result of their Authorized Provider membership status, EUCI is authorized to offer IACET CEUs for its programs that qualify under the ANSI/IACET Standards.

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Instructional Methods

This program will use a variety of instructional methods to include PowerPoint Presentations, Case Studies and Panel Discussions.

Requirements for Successful Completion of Program

Participants must sign in/out each day and be in attendance for the entirety of the conference to be eligible for continuing education credit.

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PROGRAM AGENDA

MONDAY, AUGUST 17, 2009

8:00 – 8:30 a.m. **Continental Breakfast and Registration**

8:30 – 11:30 a.m. **Session I: Audit Case Studies**

Audit Case Study #1: RRI Energy, Inc.

It has been two years since mandatory enforcement began on June 18, 2007 and Regional Entities started conducting audits with newly granted penalty authority. Having completed four full audits in as many NERC regions, as well as numerous spot audits, combined to total a successful audit outcome for over 75 standards reviewed by Regional Entity auditors, Mr. Hajovsky will review trends, tools, observations and strategies to use when preparing for and conducting a NERC audit.

- *Chris Hajovsky, Director, Regulatory Affairs and NERC Reliability Standards, RRI Energy, Inc. (formerly Reliant Energy, Inc.)*

Audit Case Study #2: Orlando Utilities Commission

Orlando Utilities Commission went through a complete onsite compliance audit in February of this year. This presentation will discuss what OUC learned and can offer as suggestions for others who are preparing to be audited.

Preparing for the Audit

- Quality evidence -vs.- stacking evidence
- Proper facilities
- Preparing your executives
- Prioritize your time, spend more time on most violated standards
- Strategies for potential issue areas

Just Before the Audit Begins

- Getting clarification from audit staff on particulars
- Presentation to auditors do's and don'ts

During the Audit

- Keeping track of additional evidence requests
- Keeping your SME's on hand
- Have a backup plan

Post Audit

- Interpreting the results
- Dealing with your executives
- Closing out open issues

- *Richard Kinias, Manager of Standards Compliance, Orlando Utilities Commission*

Audit Case Study #3: SaskPower

Because SaskPower is interconnected to Midwest Reliability Organization (MRO) and the Midwest Independent System Operator (MISO), they are obligated to comply with the developing NERC Standards. A full NERC compliance audit was conducted by MRO in November of 2008. This presentation will discuss how SaskPower prepared for the audit and provide lessons learned from the process.

- *Dennis Felgate, Manager, Grid Control Centre, SaskPower*

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MONDAY, AUGUST 17, 2009 (CONTINUED)

11:30 a.m. – 1:00 p.m. Group Luncheon

1:00 – 2:00 p.m.

Session II: Panel Discussion: The Settlement Process

Hopefully, all of your audit reports will come back perfect. However, what happens if there is a violation? This panel of experts will discuss the intricacies involved in the settlement process and how you can prepare now to navigate these treacherous waters. The NERC and FERC settlement process guidelines have been recently modified, this panel will discuss the implications and impacts of these changes.

2:00 - 2:30 p.m.

Networking Break

2:30 – 4:30 p.m.

Session III: Panel Discussion: Incorporating NERC CIP Compliance into Your Existing Compliance Organization

As if things were not complicated enough, the Critical Infrastructure Protection (CIP) standards become mandatory and enforceable at the end of June 2009. This panel will discuss the impact that these standards will have on your existing compliance organization, how to work with the new internal stakeholders that will need to be at the table, and how to leverage systems you already have in place to meet this new challenge.

- Shelley Cottrill, Senior Controls and Compliance Manager, Allegheny Energy
- Richard Kinas, Manager of Standards Compliance, Orlando Utilities Commission and Member of the NERC Cyber Security Standard Drafting Team
- Chris Hajovsky, Director, Regulatory Affairs and NERC Reliability Standards, RRI Energy, Inc. (formerly Reliant Energy, Inc.)

4:30 – 5:30 p.m.

Networking Reception

TUESDAY, AUGUST 18, 2009

8:00 – 8:30 a.m.

Continental Breakfast

8:30 – 10:00 a.m.

Session IV: Organizational Structures to Support Compliance

Leveraging Continuous Risk Management to Deliver an Enterprise-level Compliance Program for Utilities

Building risk management into everyday business processes is the only way to insure that compliance is included into the daily workings of the enterprise. NERC CIP compliance and FERC Standards of Conduct Rules can be automated. Compliance can be streamlined by following best practice frameworks across the board.

- Shelley Cottrill, Senior Controls and Compliance Manager, Allegheny Energy

Defining the Role of Internal Auditors in your Compliance Organization

We Energies' Federal Regulatory and Policy team (FRAP) developed a series of processes, policies, procedures, and databases, referred to collectively as the Federal Energy Regulatory Compliance Program, to better assure and demonstrate compliance with FERC electric regulations including the NERC Electric Reliability and Critical Infrastructure Protection Standards.

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TUESDAY, AUGUST 18, 2009 (CONTINUED)

Defining the Role of Internal Auditors in your Compliance Organization *(continued)*

We Energies' Internal Audit Department was very involved in the process and worked with the FRAP team to build a comprehensive Compliance Program. In addition, the FRAP team and the Internal Audit department collaborated on a thorough internal risk assessment process for all federal regulations, along with the corresponding audit of the company's compliance to those requirements that posed the highest risk to the company. Going forward, Internal Audit will annually conduct audits of specific requirements identified through the internal risk assessment of all requirements. Internal Audit was similarly involved with the addition of the new Critical Infrastructure Protection Standards in 2008.

We Energies is preparing for a ReliabilityFirst (RFC) audit to be conducted in Spring 2010 and Internal Audit will play a key role. This presentation will discuss the rationale used, assignment of duties and experiences seen with including internal auditors as an integral part of the compliance program.

- Barb Kedrowski, Project Manager, Federal Regulatory & Policy, We Energies

10:00 – 10:30 a.m. Networking Break

10:30 a.m. – 12:00 p.m. Session V: Panel Discussion: Building and Demonstrating a Culture of Compliance

A strong internal Culture of Compliance is essential to a Registered Entity's successful compliance to the NERC Electric Reliability Standards. Employees need training in both the technical aspects of the standards that impact their work and in the importance of a compliance culture within their organization. Adherence to the reliability standards requires knowing what should be done and understanding that it is management's expectation that the right thing be done regardless of adverse consequences to the organization. This message must be communicated from the top of the organization down through the chain of command. Employees must see management's decision making consistent with a strong culture of compliance in order to influence the desired behavior. These presentations will discuss how to build a Culture of Compliance in your organization, and how this can impact your audit experience.

- Robert Hoopes, Senior Director, NERC Compliance, PPL
- Patti Metro, Manager, Transmission & Reliability Standards, National Rural Electric Cooperative Association (NRECA)
- Raj Rana, Director - RTO Policy and NERC Compliance, American Electric Power

12:00 p.m. Conference Adjourns

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SPONSORS



AUS/Flexnova

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ComplianceWorks, by AUS/Flexnova, a reliability standards (NERC, RRO, ISO, CIP) compliance application, provides automatic mapping of NERC functions and those of registered legal entities, as well as each entity's organizational structure down to each applicable standard requirement, with FERC's standards of conduct as the basis of the application's security. The number and names of roles are user-configurable, which allow users to specify the necessary workflow from notification to approval process. It tracks and manages users to create, collaborate and approve evidence for compliance using automatic notifications, assignments, and alerts features that are communicated via email with customizable reports and dashboards.



Alert Enterprise

<http://www.alertenterprise.com/solutions.html>

AlertEnterprise solutions uniquely offer simultaneous analysis of physical, logical and distributed access risk for secure prevention and real-time correlation of physical and IT access events in multiple systems and locations for timely detection and resolution. The purpose? To eliminate theft, fraud and malicious behavior...and lower your mitigation costs. AlertEnterprise addresses NERC-CIP compliance; SCADA security; contractor management; and fatigue management for Utilities companies. AlertEnterprise will reduce the potential for corporate, community and national economic and social disruption in critical infrastructure sectors consistent with the mandates of the US Department of Homeland Security and other regulatory agencies.

PROCEEDINGS

A copy of the conference proceedings will be distributed to attendees at the event. If you are unable to attend or would like to purchase additional copies, flash drives are available two weeks after the conference is complete. The cost per Flash Drive is US\$295 [add US\$50 for international shipments]. Flash Drives include visual presentations only. Upon receipt of order and payment the Flash Drive will be shipped to you.

NOTE : All presentation flash drive sales are final and are non-refundable.

CONFERENCE LOCATION

A room block has been reserved at the Hyatt Regency Chicago, 151 East Wacker Drive, Chicago, IL 60601, for the nights of August 16-18, 2009. Room rates are US\$169.00 single or double, plus applicable tax. Call 312-565-1234 for reservations and mention the EUCI course to get the group rate. Make your reservations prior to August 9, 2009. There are a limited number of rooms available at the group rate. **Please make your reservations early.**

REGISTRATION INFORMATION

REMEMBER, EVERY 4TH REGISTRANT IS FREE

For instant registration, call (201) 871-0474 or fax the Registration Form to (253) 663-7224.

Register 3, Send 4th Free!!

Any organization wishing to send multiple attendees to this conference may send 1 FREE for every 3 delegates registered. Please note that all registrations must be made at the same time to qualify.

All cancellations received on or before July 17, 2009 will be subject to a US\$195 processing fee. Written cancellations received after this date will create a credit of the tuition (less processing fee) good toward any other EUCI conference or publication. This credit will be good for six months. In case of conference cancellation, Electric Utility Consultants' liability is limited to refund of the conference registration fee only. For more information regarding administrative policies such as complaints and refunds, please contact our offices at (201) 871-0474.

EUCI reserves the right to alter this program without prior notice.

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PHONE: (201) 871-0474

PLEASE REGISTER THE FOLLOWING

Preparing for A NERC Audit, August 17-18, 2009, US \$1395
Early Bird on or Before August 7, 2009, US \$1195

I'm sorry I cannot attend, but please send me the conference proceedings at US \$295.
(Please add US \$50 for international shipping)

How did you hear about this event?
(Direct email, Colleague, Speaker(s), etc.)

ENERGIZE WEEKLY

When you sign up for "Energize Weekly" you will receive a new conference presentation each week via email on a relevant industry topic. The presentations are selected from a massive library of over 1000 current presentations that EUCI has gathered during its 22 years organizing conferences.

Sign me up for "Energize Weekly"

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