



# GRU Electric Reliability Compliance Program

Item #140675  
February 5, 2015

# Regulatory Authority

- **FERC** –Federal Energy Regulatory Commission
  - Makes Policy
- **NERC** –North American Electric Reliability Corporation
  - Makes Rules (NERC Reliability Standards)
- **FRCC** –Florida Reliability Coordinating Council
  - Enforces Standards

# GRU Registered Functions

- Balancing Authority (BA)
- Transmission Operator (TOP)
- Planning Authority (PA)
- Resource Planner (RP)
- Transmission Planner (TP)
- Transmission Owner (TO)
- Distribution Provider (DP)
- Generation Owner (GO)
- Generation Operator (GOP)
- Load Serving Entity (LSE)
- Interchange Authority (IA)

## Applicable NERC Reliability Standards

- **116 Enforceable Standards**
- **979 Requirements/Sub-Requirements**

# Reliability Standard

- A requirement developed by NERC and approved by FERC to provide for reliable operation of the Bulk Electric System

## Enforcement and Sanctions

NERC and the Regional Entities are authorized to assess monetary penalties on a per violation or “per day in violation” basis

Violation Risk Factor	Violation Severity Level							
	Lower		Moderate		High		Severe	
	Low	High	Low	High	Low	High	Low	High
Lower	\$1,000	\$3,000	\$2,000	\$7,500	\$3,000	\$15,000	\$5,000	\$25,000
Medium	\$2,000	\$30,000	\$4,000	\$100,000	\$6,000	\$200,000	\$10,000	\$335,000
High	\$4,000	\$125,000	\$8,000	\$300,000	\$12,000	\$625,000	\$20,000	\$1,000,000

# Operations and Planning Standards

- 2007 - Reliability Standards became mandatory and enforceable
- 2009 - City Commission Resolution No. 080804 Affirmed the City of Gainesville's Commitment to GRU's policy of compliance with the NERC Reliability standards
- NERC Compliance Audits
  - 2009
    - GRU was fully compliant with 34 standards
    - GRU was found to have **7** possible violations of **3** standards  
\$45,000 in penalties per settlement agreement
  - 2011
    - No findings of non-compliance on 26 standards
  - 2014
    - No findings of non-compliance on 19 standards
    - Two Possible Violations of standard EOP-004-2 Event reporting (update)

# Critical Infrastructure Protection Standards (CIP)

- 2009 – Cyber Security Standards became auditable
  - Four versions from 2009 to 2013
  - Early CIP versions had minimal impact on GRU
- 2013 – CIP Version 5 introduced for enforcement in 2016
  - Significant impact on GRU is registered as Transmission Operator (TOP)

# Impact on GRU

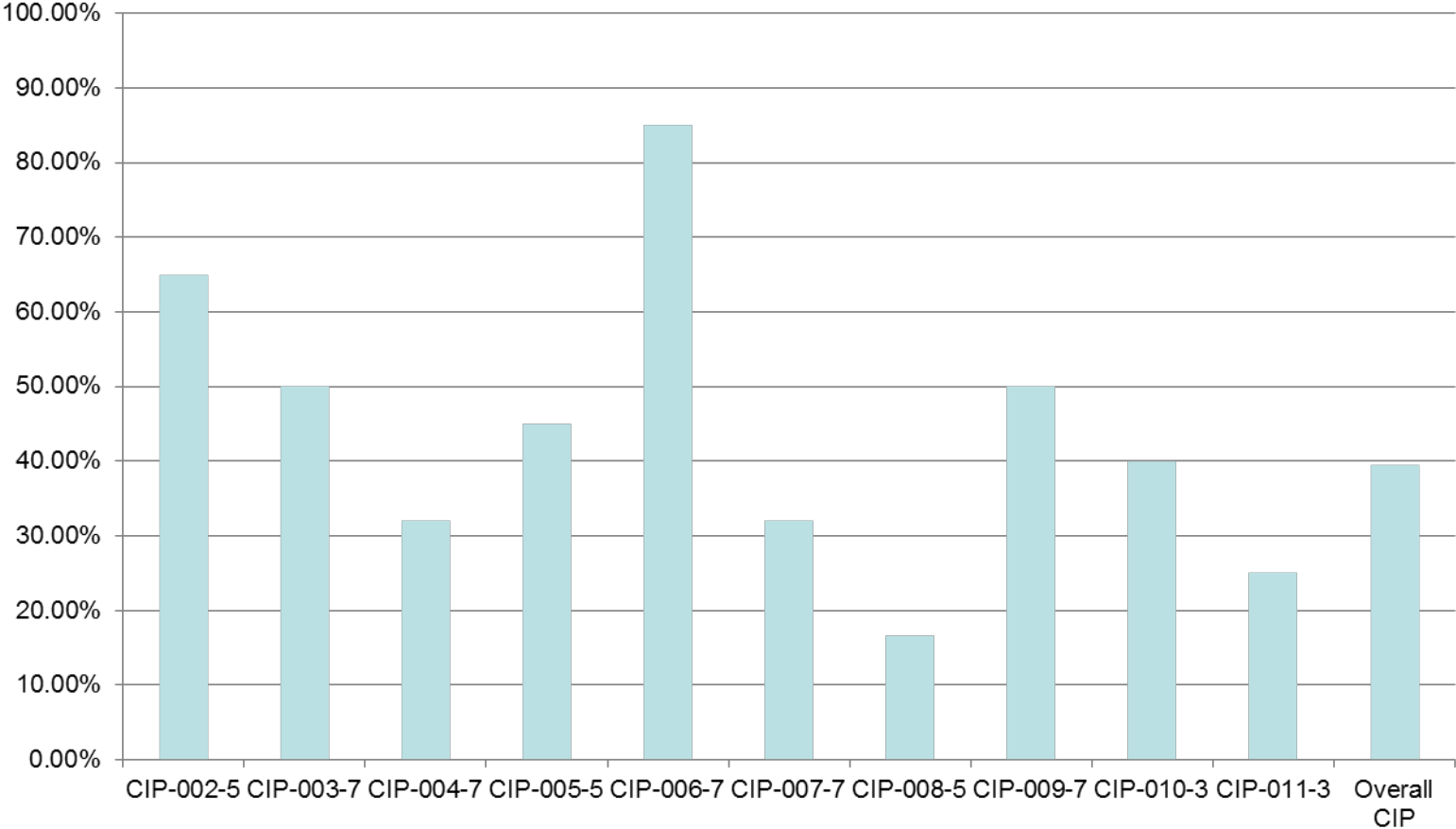
10 Standards, 67 Requirements become applicable to GRU

- New technology and processes
- New documentation methods and procedures
- New reporting
- New ongoing training

Estimated implementation costs (based on other utilities' experience and projected cost) range from \$2 to 5 million (initial expense) with annual costs ranging from \$500,000 to over \$1,000,000

# Compliance Program Dashboard

## Percent Complete





# CIP Compliance Program Status

- Since 2013, GRU has worked toward compliance deadline by reassigning existing resources and a slight increase in capital expenditures
- Additional resources will be required in order to ensure full compliance with Version 5 of the CIP standards by April 1, 2016

# Compliance Program Summary

- Mandatory Operational and Cybersecurity regulatory requirements are numerous, complex, and continuously emerging with potentially significant fines for non-compliance
- New standards mean further efforts to implement, monitor and report on new processes to ensure compliance
- GRU's industry reputation as having an excellent compliance culture requires investment of time, training, technology and human resources
- The FY16 budget will reflect the increasing costs of the compliance program

# QUESTIONS?