PJM Reliability Standards & Compliance Subcommittee Monthly WebEx

October 18, 2013
1. Administration
2. PJM Compliance Activities
3. FERC Activities Update
4. NERC Activities Update
5. Regional Entities Update
6. Member Issues
7. Future Agenda Items
8. Future Meetings
Agenda Item 2: PJM Compliance Activities

• Matrix Task Force Update (Mr. Kuras)
  – No new Matrix Task Force Updates since the September RSCS
  – Next meeting date 10/18/13
Agenda Item 2: PJM Compliance Activities

• PJM Manual Updates
  – No new manual updates since the September RSCS
Agenda Item 2: PJM Compliance Activities

- Review of RSCS Charter and Workplan (Mr. Moleski)
• Plans for proposed online forum for use by the RSCS (Mr. Moleski)
Agenda Item 2: PJM Compliance Activities

• PJM’s discussion with RFC on the future of TO/TOP Audits (Ms. Monzon)
TO/TOP Matrix Audits

RSCS
October 18, 2013
1. Background
2. Current and Future State Audit Model
3. Next Steps for PJM and Transmission Owners
4. Closing
• RFC and PJM met early 2013 to discuss PJM’s Compliance Operations
  – Acknowledged PJM’s strong controls
  – Reviewed RFC TO/TOP Matrix Audit “findings”
  – Concluded lack of substantive issues at RFC TO/TOP Matrix audits
  – Agreed to eliminate RFC TO/TOP Matrix Audits and rely on PJM Audits of TO’s
• Purpose of RFC TO/TOP Matrix Audits
  – To ensure that the shared or assigned tasks as specified in the TO/TOP Matrix are being executed in support of the overall TOP function for which PJM is registered within the RFC footprint

• Eleven RFC TO/TOP Matrix Audits in the three year period
  – Five additional audits to date (2013)

• Few to none substantive findings that impact core Operations
Current TOP Compliance Activities

PJM Activity

- PJM Audits of TOs
  - Matrix shared or assigned tasks
- PJM Internal Compliance
  - TOP Reliability Requirements

PJM’s Validation of TOP Function

RFC Activity

- RFC TO/TOP Audits
  - Matrix shared or assigned tasks
- RFC Audit of PJM
  - TOP Reliability Requirements

RFC’s Validation of PJM’s TOP Function

3 year cycle
Challenges with existing model

- Resource intensive for entities including regional entity
- Logistical complexity
- Confusion regarding who is being audited
- Continuous “audit mode” despite three year cycle
- Little to no return on investment based on audit findings and lessons learned
RFC Continues PJM Audit but no Longer Audits TOs

Conduct one tri-annual audit of PJM that validates the PJM TOP function.

Benefits

- Logistical simplicity
- Less confusion regarding purpose of TO matrix audits
- Focused application of compliance resources
- Relies on PJM and TO internal controls

Notes:
- RFC may “spot check” when necessary for assurance, if necessary
- PJM will continue its Compliance activities with the TOs
• Procedural changes to the existing PJM audit program:
  – Sharing audit reports with RFC
  – Coordination of schedule with RFC
  – Potential spot checks by RFC (random and announced)
• Rely on strong collaboration with TOs to resolve potential areas of concern / data requests
• PJM preparation for appraisal of PJM’s internal controls
Next Steps for RFC

• Share with SERC, NERC, and communicate effort to FERC
• Perform appraisal of PJM’s TOP controls in first quarter 2014
• Implement new process in 2014 and complete the remaining TO audits in 2013
Agenda Item 2: PJM Compliance Activities

• Upcoming RFC TO Audits
  – UGI Week of December 9
• No new FERC Activities to report
• No new NERC Committee Updates to report
<table>
<thead>
<tr>
<th>Standards</th>
<th>Project</th>
<th>Activity</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOP-010-1</td>
<td>Project 2013-03: Geomagnetic Disturbance Mitigation</td>
<td>Comment Form</td>
<td>9/04/13 – 10/18/13</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Additional Ballot and Non Binding Poll</td>
<td>10/09/13 – 10/18/13</td>
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</tbody>
</table>

A 45-day formal comment period for EOP-010-1 - Geomagnetic Disturbance Operations is open through 8 p.m. Eastern on Friday, October 18, 2013. An additional ballot and non-binding poll of the associated Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) will be conducted October 9-18, 2013.
### Agenda Item 4: NERC Activities - Standards Under Development

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Project 2008-12: Coordinate Interchange Standards</td>
<td>A 45-day formal comment period for <strong>Project 2008-12-Coordinate Interchange Standards</strong> is open through 8 p.m. Eastern on <strong>Wednesday, November 13, 2013</strong>. This project includes five INT standards, a set of new and revised NERC Glossary definitions, a proposed implementation plan, and associated Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs). Ballot pools are being formed and the ballot pool window is open through 8:00 a.m. on <strong>Tuesday, October 29, 2013</strong>. Ballots for the standards and non-binding polls of the associated VRFs and VSLs will be conducted the last ten days of the comment period.</td>
<td>Join Ballot Pool</td>
<td>9/30/13 – 10/29/13</td>
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<td></td>
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<td>Posted for Comment</td>
<td>9/30/13 – 11/13/13</td>
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## Agenda Item 4: NERC Activities - Standards Under Development

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<tr>
<td></td>
<td><strong>Project 2010-17: Definition of Bulk Electric System (Phase 2)</strong></td>
<td>Comment Form</td>
<td>9/27/13 - 10/29/13</td>
</tr>
<tr>
<td></td>
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<td>Additional Ballot and Non-Binding Poll</td>
<td>10/18/13 – 10/28/13</td>
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</table>

A 30-day comment period[1] for Phase 2 of the Definition of the Bulk Electric System is open through 8 p.m. ET on Monday, October 28, 2013. An additional ballot for the definition will be conducted October 18-28, 2013.
### Agenda Item 4: NERC Activities - Standards Under Development

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<tbody>
<tr>
<td>PER-005-2</td>
<td><strong>Project 2010-01: Training</strong></td>
<td>Comment Form</td>
<td>9/27/13 – 11/12/13</td>
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</tbody>
</table>

A 45-day formal comment period for PER-005-2 is open through 8 p.m. Eastern on Monday, November 12, 2013. An additional ballot for PER-005-2 and non-binding poll of the associated Violation Risk Factors and Violation Severity Levels will be conducted November 1-12, 2013. The standards involved are PER-002 Operating Personnel Training, which has been retired and superseded by PER-005 – System Personnel Training.
### Agenda Item 4: NERC Activities - Standards Under Development

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<tr>
<td>MOD-001-2</td>
<td><strong>Project 2012-05: ATC Revisions/MOD A</strong></td>
<td><strong>Comment Form</strong></td>
<td><strong>10/04/13 – 11/18/13</strong></td>
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<tr>
<td></td>
<td>A 45-day formal comment period for MOD-001-2 is open through 8 p.m. Eastern on November 18, 2013. An additional ballot for MOD-001-2 and non-binding poll of the associated Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) will be conducted November 8-18, 2013.</td>
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<tr>
<td>MOD-032-1</td>
<td>Project 2010-03 – Modeling Data (MOD B)</td>
<td>Comment</td>
<td>10/07/13–11/20/13</td>
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<tr>
<td>MOD-033-1</td>
<td>A 45-day formal comment period for MOD-032-1 and MOD-033-1 is open through 8 p.m. Eastern on Wednesday, November 20, 2013. A separate ballot for each standard and non-binding poll of the associated Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) will be conducted November 11, 2013 through November 20, 2013.</td>
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### Standards Under Development

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<tr>
<td>MOD-031-1</td>
<td>Project 2010-04 – Demand Data (MOD C)</td>
<td>Comment Form</td>
<td>10/09/13–11/22/13</td>
</tr>
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</table>

A 45-day formal comment period for MOD-031-1 is open through 8 p.m. Eastern on Friday, November 22, 2013. The standard authorization request (SAR) for this project is also posted for comment. Additional supporting documents are posted for information.

A ballot for MOD-031-1 and non-binding poll of the associated Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) will be conducted November 13, 2013 through November 22, 2013.
### Project 2013-04 – Voltage and Reactive Control

A 45-day formal comment period for VAR-001-4 and VAR-002-3 is open through 8 p.m. Eastern on **Monday November 25, 2013**. A ballot for the standards and non-binding poll of the associated Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) will be conducted November 15, 2013 through November 25, 2013.

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Agenda Item 4: NERC Activities - Standards Under Development

- BES Definition Update (Mr. Harm)
• VAR-001 Update (Mr. DiCaprio)
• VAR-002 Update (Mr. DiCaprio)
• MOD B Update (Ms. Wesley)
Agenda Item 5: Regional Entities Activities

• No new RE activities to report
• Report on BGE’s TO/LCC Audit in July 2013 (Ms. Harman/Mr. Adams)
• PERCS SharePoint Site
  – Will be changed so that Member TOs can only view folders of their neighboring TOs by the end of this week.
  – Requesting Member TOs verify this beginning next week (10/21) and contact Srinivas Kappagantula (kappas@pjm.com) with any questions/requests.
• EOP-005 – Data Request (Mr. Hofferkamp)
• MOD-031-1 Update (Mr. Kuras)
Agenda Item 7: Future Agenda Items
Agenda Item 8: Future Meeting Dates

- November 21\textsuperscript{st}, 2013 (F2F)
- December 20\textsuperscript{th}, 2013 (WebEx)
## 2014 RSCS Meeting Dates

<table>
<thead>
<tr>
<th>Date</th>
<th>Venue</th>
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<tbody>
<tr>
<td>Friday January 17(^{th}), 2014</td>
<td>WebEx</td>
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<tr>
<td>Thursday February 20(^{th}), 2014</td>
<td>Face to Face</td>
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<tr>
<td>Friday March 21(^{st}), 2014</td>
<td>WebEx</td>
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<tr>
<td>Friday April 18(^{th}), 2014</td>
<td>WebEx</td>
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<tr>
<td>Thursday May 15(^{th}), 2014</td>
<td>Face to Face</td>
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<td>Friday June 20(^{th}), 2014</td>
<td>WebEx</td>
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<td>Friday July 18(^{th}), 2014</td>
<td>WebEx</td>
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<td>Thursday August 14(^{th}), 2014</td>
<td>Face to Face</td>
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<tr>
<td>Friday September 19(^{th}), 2014</td>
<td>WebEx</td>
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<tr>
<td>Friday October 17(^{th}), 2014</td>
<td>WebEx</td>
</tr>
<tr>
<td>Thursday November 20(^{th}), 2014</td>
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</tr>
<tr>
<td>Friday December 19(^{th}), 2014</td>
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