



Dates & Events

September 2017

- 7 NERC [Webinar](#): Winter Preparation for Severe Cold Weather
- 8 NERC [Webinar](#): 2018 ERO Compliance Monitoring and Enforcement Implementation Plan

October 2017

- 1 Effective Date for 2 Reliability Standards: [COM-001-3](#) and [IRO-002-5](#)
- 3-4 Fifth Annual Monitoring and Situational Awareness NERC [Technical Conference](#) Atlanta, GA
- 17-20 [GridSecCon](#) NERC Conference

Electric Reliability Update

SEPTEMBER 8, 2017

FERC

FERC Requests Supplemental Comments on Energy Storage in Frequency Response Proceeding - August 18 - The Commission issued a request for [supplemental comments](#) related to whether and when electric storage resources should be required to provide primary frequency response, and the costs associated with primary frequency response capabilities for small generating facilities. This notice follows the November 17, 2016 [Notice of Proposed Rulemaking](#) ("NOPR") which, among other things, proposed to revise the Commission's regulations to require all newly interconnecting large and small generating facilities, both synchronous and non-synchronous, to install and enable primary frequency response capability as a condition of interconnection. In light of the comments received in response to the NOPR, the Commission indicated that it was seeking additional information to better understand the performance characteristics and limitations of electric storage resources and the possible ramifications of the proposed primary frequency response requirements on electric storage resources.

NERC

Hurricane Harvey: NERC Issues Statement on Reliability; DOE Issues Situation Reports - August 28 - Hurricane Harvey greatly impacted distribution systems in southeast Texas leaving utilities and federal officials to restore power where necessary. NERC [stated](#) that with numerous generation and transmission outages, the bulk power system has remained stable. Additionally, the Department of Energy has since been issuing [situation reports](#) to detail the storms impact and the recovery and restoration efforts already in effect.

NERC Submits Request for Acceptance of 2018 Business Plans and Budget - August 23 - In compliance with Commission regulations, NERC [submitted its proposed annual budget](#) for statutory and non-statutory activities at least 130 days before the beginning of NERC's fiscal year (which will begin January 1, 2018). As required, the filing also contains the entire annual budget of each Regional Entity for statutory and non-statutory activities and include supporting materials, including the ERO's and each Regional Entity's complete business plan and organization chart, and explanation of the proposed collection of all dues, fees, and charges and proposed expenditure of funds collected. NERC has proposed an overall 2018 budget of \$73,135,156, a 5.1% increase from 2017.

NERC Submits Quarterly Compliance Filing Regarding 2017 Budget - August 14 - In compliance with a January 16, 2013 FERC Order, NERC filed its unaudited report of [NERC's budget-to-actual variance](#) information for the second quarter of 2017. Through June 30, 2017, NERC was \$2.6 million under budget but expects to be \$898k over budget at year-end due to higher consultant and contract expenses and office costs.

NERC Submits Revisions to Disturbance Control Standard - August 14 - NERC submitted to FERC [proposed revisions](#) for the Violation Risk Factors (VRF) of Requirements R1 and R2 of Reliability Standard BAL-002-2 (Disturbance Control Standard – Contingency Reserve for Recovery from a Balancing Contingency Event). The revisions change the VRFs for Requirements R1 and R2 from "medium" to "high" to show the importance of each Requirements role in maintaining reliability.

NERC Penalty Activity - July 31 - NERC filed with FERC a [spreadsheet notice of penalty](#) resolving 8 violations of 2 Reliability Standards totaling \$25,000 in penalties.

Regional Developments

Southwest Power Pool to Dissolve Regional Entity - July 25 - The Southwest Power Pool, Inc. ("SPP") and NERC have mutually agreed to terminate the delegation agreement between them, which will effectively [dissolve the SPP Regional Entity](#) ("RE"). According to SPP President and CEO, Nick Brown, the decision

**NERC Balloting &
Comment Deadlines**

September 2017

- 7 [Initial Ballots and Non-binding Polls and Comments Due:](#)
Project 2016-04 –
Modifications to PRC-
025-1 – PRC-025-2
- 11 [Initial Ballots and Non-binding Polls and Comments Due:](#)
Project 2016-02 –
Modifications to CIP
Standards – CIP-012-1
- 12 [Comments Due:](#)
Project 2016-02 –
Modifications to CIP
Standards – Proposed
Definition of Control
Center
- 12 [Comments Due:](#)
Project 2016-02 –
Modifications to CIP
Standards – Technical
Rationale and
Justification for CIP-
012-1

**Selected Regional
Compliance / Training
Events**

September 2017

- 19 [SERC Fall Compliance Seminar](#)

was made due to the fact that the SPP RTO has grown significantly over the past decade; so much so, that the footprints of the SPP RTO and SPP REE no longer align. Brown goes on to say that, with the dissolution of the SPP RE, SPP will focus on other functions: reliability coordination, wholesale market operations and transmission planning. At this time, the successor compliance enforcement authority (CEA) is unknown and NERC anticipates that SPP RE will function as CEA for a considerable portion of 2018.

Cybersecurity

Cyber Attacks Target Western Energy Sector – September 6 – Security firm Symantec has [identified](#) a new series of recent cyber attacks by a group known as “Dragonfly 2.0” compromising energy companies in the United States and Europe. The Dragonfly 2.0 campaign started in late 2015 and has targeted several energy companies in the spring and summer of this year, gaining operational access to networks controls that have the potential to stop the flow of electricity. The hackers are presumed to have gained access through a series of spearphishing emails with malware attachments. The Department of Homeland Security was made aware of the report and at this time does not believe there is any indication of a threat to public safety. NERC was notified as well. Symantec has recommended that effected companies remove any identified malware along with creating new system access credentials for staff.

Other Developments

DOE Releases Staff Report on Electricity Markets and Reliability - August 24 - Secretary of Energy Rick Perry’s long awaited [Grid Study](#) was released by the DOE along with a [cover letter](#) from Rick Perry. In April Secretary Perry directed DOE Staff to develop a report including an assessment of the reliability and resilience of the electric grid and an overview of the evolution of electric markets. The Study also contains an analysis and series of recommendations meant to inform and guide policy makers, regulators, and the general public in future conversations about the challenges American faces. Since the Grid Study’s release [FERC Chairman Chatterjee](#) and [NERC](#) have issued public statements regarding the Grid Study.

About Us

The Van Ness Feldman Electric Reliability Update is published by [Malcolm McLellan](#), [Suzanne Keppeler McBride](#), [Van Smith](#), [Gabe Tabak](#), [Darsh Singh](#), [Tyler Elliott](#), and [Michael Weiner](#). [Van Ness Feldman](#) counsels, advises and trains a wide range of clients on reliability matters. Please [email us](#) or call us at 206.829.1814 or 202.298.1800 for additional information. Click [here](#) to sign up for the Reliability Update. Follow us on Twitter @VANNESSFELDMAN

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