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Dates & Events

October 2017

3-4 Fifth Annual Monitoring and Situational Awareness NERC Technical Conference Atlanta, GA

17-20 GridSecCon NERC Conference

November 2017

1 Comments due to FERC on Emergency Preparedness and Operations NOPR

Electric Reliability Update

SEPTEMBER 29, 2017

FERC

FERC Issues NOPR on Emergency Preparedness Operations Reliability Standards - September 20 - The Federal Energy Regulatory Commission proposed a rule to implement the following Emergency Preparedness and Operations (EOP) Reliability Standards:

- EOP-004-4 (Event Reporting) - Proposed Reliability Standard EOP-004-4 requires reporting of events by responsible entities. The reportable events under the proposed Reliability Standard are collected and used to examine the underlying causes of events; track subsequent corrective action to prevent recurrence of such events; and develop lessons learned for industry.

- EOP-005-3 (System Restoration from Blackstart Resources) - The purpose of proposed Reliability Standard EOP-005-3 is to ensure plans, facilities, and personnel are prepared to enable system restoration from blackstart resources to ensure reliability is maintained during restoration and priority is placed on restoring the interconnection. In its earlier petition to FERC, NERC stated that proposed Reliability Standard EOP-005-3 improves the existing version of the Reliability Standard by: (1) emphasizing the need for transmission operators to develop and use restoration plans relating to blackstart resources; (2) retiring redundant or administrative requirements; and (3) clarifying requirements for revising and testing restoration plans.

- EOP-006-3 (System Restoration Coordination) The purpose of proposed Reliability Standard EOP-006-3 is to establish how personnel should prepare, execute, and coordinate system restoration processes to maintain reliability and to restore the Interconnection. . In its earlier petition to FERC, NERC stated that proposed Reliability Standard EOP-006-3 improves upon the existing version of the standard by emphasizing the need for reliability coordinators to develop and use their restoration plans and clarifying requirements for training and coordination of restoration plans amongst reliability coordinators.

- EOP-008-2 (Loss of Control Center Functionality) - The purpose of proposed Reliability Standard EOP-008-2 is to ensure continued reliable operations of the bulk electric system if a control center becomes inoperable. The rule is intended to improve upon the existing Reliability Standard by clarifying the required contents of an operating plan used by reliability coordinators, balancing authorities and transmission operators.

Comments on this NOPR are due by November 27, 2017.

FERC Approves Final Rule on Frequency Control - September 20 - FERC approved reliability standards on Balancing Authority Control (BAL-005-1) and Facility Interconnection Requirements (FAC-001-3) that clarify and consolidate existing requirements related to frequency control. The revised standards will support more accurate and comprehensive calculation of Reporting Area Control Error ("Reporting ACE") by requiring timely reporting and any inability to calculate Reporting ACE and by requiring balancing authorities to maintain minimum levels of annual availability of 99.5% for each balancing authority's system for calculating Reporting ACE. This final rule will become effective on January 1, 2019.

FERC Approves Revised Standard on Remedial Action Schemes - September 20 - FERC approved a revised reliability standard on Remedial Action Schemes (PRC-012-2) to ensure that remedial action schemes do not introduce unintentional or unacceptable reliability risks to the grid. It establishes a centralized process to review new or modified remedial action schemes before implementation by requiring periodic evaluations, tests and operational analyses of each remedial action scheme and an annual update of an area-wide remedial action scheme database. The final rule also assigns specific responsibilities to the appropriate functional entities. This rule will become effective on January 1, 2021.

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NERC Balloting & Comment Deadlines

October 2017

23 Initial Ballots and Non-binding Polls and Comments Due: Project 2015-10 – Single Points of Failure – TPL-001-5

30 Initial Ballots and Non-binding Polls and Comments Due: Project 2016-02 – Modifications to CIP Standards – CIP-002-6

FERC Accepts NERC 2016 Budget True-Up Filing - September 14 - FERC issued a letter order accepting the Report of Comparisons of Budgeted to Actual Costs for 2016 submitted by NERC on May 30, 2017. There were no protests filed and FERC Staff accepted the filing pursuant to its delegated authority.

Statement by FERC Chairman Chatterjee and NERC President, CEO Cauley on Industry Assistance to Hurricane Irma Recovery - September 12 - FERC Chairman Chatterjee and NERC CEO Cauley issued a joint statement encouraging cooperation between the public and private sectors of the electric industry in response to Hurricane Irma.

NERC

Three NERC Standards to Become Effective on October 1st

The following Reliability Standards become effective on October 1st:

- COM-001-3 – Communications: Establishes Interpersonal Communication capabilities necessary to maintain reliability.
- IRO-002-5 – Reliability Coordination – Monitoring and Analysis: Provides System Operators the capabilities necessary to monitor and analyze data to perform reliability functions.
- PRC-006-3 – Automatic Underfrequency Load Shedding (UFLS): Establishes design and documentation requirements for UFLS programs to arrest declining frequency, assist recovery of frequency following underfrequency events and provide last resort system preservation measures.

NERC Seeks Approval of Supply Chain Cybersecurity Risk Management Standards - September 26 - NERC submitted to FERC a petition for approval of proposed new Reliability Standard CIP-013-1 (Cyber Security – Supply Chain Risk Management), and modifications to Reliability Standards CIP-005-6 (Cyber Security – Electronic Security Perimeters) and CIP-010-3 (Cyber Security – Configuration Change Management and Vulnerability Assessments. The proposed Reliability Standards address FERC's directive to develop supply chain cybersecurity risk management for industrial control system hardware, software, and computing and networking services, following four security objectives: (1) software integrity and authenticity; (2) vendor remote access protection; (3) information system planning; and (4) vendor risk management and procurement controls.

NERC Submits Informational Filing on Commissioning Testing of Protection Systems - September 20 - NERC submitted to FERC an informational filing providing an overview of commissioning testing of Protection Systems as directed in Order No. 793. In Order No. 793, FERC accepted Reliability Standard PRC-005-2 (Protection System Maintenance) and required NERC to report efforts made to execute the System Protection and Control Subcommittee's recommendations to analyze misoperations, share lessons learned, and develop a referencing document on Protection system commissioning testing practices.

NERC and IEEE PES Form Renewables Task Force - September 18 - NERC and the Institute of Electrical and Electronics Engineers Power and Energy Society (IEE PES) have started a task force to analyze the impact of large penetration of inverter-based resources on the power system including impacts on short-circuit current availability and other dynamic performance issues. Comprised of representatives from utilities, manufacturers, and consultants, the task force will produce an industry guidance document by the second quarter of 2018 to identify issues of large penetrations of inverter-based resources.

NERC Submits Errata for the Revised Definition of Remedial Action Scheme - September 15 - NERC submitted to FERC errata on the Implementation Plan for the Revised Definition of Remedial Action Scheme (RAS). The errata incorporates certain necessary implementation provisions for load-responsive phase protection systems associated with Reliability Standard PRC-023-3, that were inadvertently omitted from the RAS Implementation Plan.

NERC Submits Informational Filing on Automatic Underfrequency Load Shedding for the Quebec Interconnection - September 5 - NERC submitted to FERC an informational filing regarding Reliability Standard PRC-006-3 (Automatic Underfrequency Load Shedding) which revises the regional Variance to

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Selected Regional Compliance / Training Events

October 2017

11-12 FRCC Fall Compliance Workshop

12 TRE Fall Standards & Compliance Workshop

24-25 SPP RE Fall Workshop

31 SERC CIP Compliance Seminar

November 2017

7 NPCC Fall Compliance & Standards Workshop

account for the physical characteristics and operational practices for the Quebec Interconnection. Since NERC did not propose changes to any mandatory or enforceable requirements within the U.S., NERC does not seek FERC approval. Reliability Standard PRC-006-3 has an effective date of October 1, 2017.

Regional Developments

NERC and ReliabilityFirst Submit Joint Petition for Approval of Planning Resource Reliability Standard - September 7 - NERC and the ReliabilityFirst Corporation submitted to FERC a joint petition for approval of proposed regional Reliability Standard BAL-502-RF-03 (Planning Resource Adequacy Analysis, Assessment and Documentation). The proposed regional Reliability Standard establishes criteria based on "one day in ten year" Loss of Load Expectation principles for the assessment and documentation of Resource Adequacy for Load in the ReliabilityFirst region.

NERC and SERC Submit Joint Petition for Approval of Automatic Underfrequency Load Shedding Reliability Standard - September 8 - NERC and the SERC Reliability Corporation submitted to FERC a joint petition for approval of regional Reliability Standard PRC-006-SERC-02 (Automatic Underfrequency Load Shedding (UFLS)), which establishes requirements for the design, implementation, and analysis of automatic UFLS programs among SERC entities. The proposed regional Reliability Standard requirements will, among other things, identify a Planning Coordinator's subregion as an island, develop a consistent UFLS plan, conduct simulations for load and generation imbalance UFLS schemes, implement the UFLS scheme for entities with loads 100 MW or greater and for entities with loads less than 100 MW, and implement a specified timeframe to changes in the scheme.

Congress

Electricity Reliability and Forest Protection Act Receives Hearings - September 19 - On September 19th the Senate Committee on Energy and Natural Resources held hearings on the Electricity Reliability and Forest Protection Act which was originally introduced to the House on April 4, 2017 by Rep. Doug LaMalfa [R-CA-1]. The bill intends to amend the Federal Land Policy and Management Act of 1976 to enhance the reliability of the electricity grid and reduce the threat of wildfires to and from electric transmission and distribution facilities on Federal lands by facilitating vegetation management on such lands. The bill requires the Secretary of Interior the Secretary of Agriculture to "provide direction" that ensures that all existing and future right-of-ways for electric transmission and distribution facilities comply with federal, state and local electric system reliability requirements, including the reliability standards established by NERC.

House Energy and Commerce Committee Holds Hearing on Reliability - September 14 - The House Energy and Commerce Committee subcommittee on Energy held a hearing entitled "Powering America: Defining Reliability in a Transforming Electricity Industry," examining how industry regulators are addressing reliability in the bulk power system. NERC president and CEO Gerry Cauley provided testimony on NERC's role identifying reliability risk as generation resources undergo significant changes. Cauley's testimony can be read in entirety, here. FERC Chairman Neil Chatterjee also provided testimony on FERC's responsibilities and efforts to support reliability and resiliency of the Grid. Chairman Chatterjee's testimony can be read here. Part two of the hearing is scheduled for October 3, 2017.

Securing the Electric Grid to Protect Military Readiness Act of 2017 - September 12 - A bill titled "Securing the Electric Grid to Protect Military Readiness Act of 2017," was introduced to the Senate on September 12th by Senator Elizabeth Warren [D-MA]. It requires the Secretary of Defense, in coordination with the Director of National Intelligence, the Secretary of Energy and the Secretary of Homeland, to report on significant security risks of defense critical electric infrastructure posed by significant malicious cyber-enabled activities. Among other things, the report would be required to include "[a]n assessment of the strategic benefits derived from, and the challenges associated with, isolating military infrastructure from the national electric grid and the use of microgrids by the Armed Forces." The bill was referred to the Committee on Armed Services on September 12, 2017.

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Other Developments

DOE Invests to Improve Nation's Critical Energy Infrastructure - September 12 - The Department of Energy (DOE) announced awards of up to $50 million to DOE's National Laboratories for early stage research and development to improve the electric grid, and oil and natural gas infrastructure. Seven Resilient Distribution Systems projects were awarded to develop clean distributed energy resources and emerging grid technologies. DOE also awarded 20 cybersecurity projects to develop innovative, cost-effective solutions to enhance the reliability of the U.S. energy delivery sector.

Mexico Hosts Conference on the Future of Energy - September 11 - The government of Mexico through its Ministry of Energy, hosted the *Dialogues for the Future of Energy, Mexico 2017* (DEMEX) conference in Mexico City. DEMEX promotes discussion between industry leaders to analyze future trends in the energy sector and build global synergy toward the effort of energy transition. NERC senior vice president and chief reliability officer, Mark Lauby participated in a panel discussion on the importance of cross-border energy infrastructure and electricity trade in the North American grid.

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