

GRID SECURITY

Senators Question FERC and NERC on Physical Grid Security February 7 - U.S. Senators Wyden, Reid, Feinstein, and Franken sent a [letter](#) to FERC and NERC asking whether additional “minimum standards regarding physical security at critical substations and other essential facilities are needed to assure the reliable operation of the bulk power system.”

FERC’s Response to Senators February 11 – In a [letter](#) from Acting Chairman Cheryl LaFleur, FERC recounted recent efforts to strengthen grid security in a confidential manner and agreed with the Senators’ concerns. The letter states that FERC staff is evaluating the issue with NERC under Section 215 of the Federal Power Act. FERC goes on to suggest that Congress could empower a single federal agency with direct authority to require actions in the event of an emergency involving physical or cyber threat to the bulk power system, and to enhance the confidentiality of sensitive security information with an additional exemption from disclosure under the Freedom of Information Act.

NERC’s Response to Senators February 12 – In a [letter](#) from CEO Gerry Cauley, NERC objected to any additional mandatory reliability standards for physical security. According to Cauley, additional standards are not appropriate because “a rule-based approach for physical security would not provide the flexibility needed to deal with the widely varying risk profiles and circumstances across the North American grid and would instead create unnecessary and inefficient regulatory burdens and compliance obligations.”

Commissioner Statements on Physical Security February 14 – FERC Commissioners Moeller and Norris issued [statements](#) calling for stakeholders to focus on improving grid-wide resilience rather than installing costly physical security measures at specific assets, and warning that sharing specific threat and vulnerability information could spawn copycat attacks.

NIST Releases Cybersecurity Framework February 12 – The National Institute of Standards and Technology released its [Framework for Improving Critical Infrastructure Cybersecurity](#), which was developed following the 2013 Executive Order on cybersecurity. The voluntary framework is intended to reduce cybersecurity threats and vulnerabilities through a risk-based approach to improve cybersecurity practices. NIST also released a [roadmap](#) for the framework. The roadmap identifies issues for future discussions, including authentication, the need for a skilled cybersecurity workforce, and the application of the framework to federal agencies.

FERC

FERC Accepts WECC Proposal to Establish Independent Reliability Coordinator February 12 – FERC issued [an order](#) accepting compliance filings submitted by NERC and WECC to establish an independent reliability coordinator for the Western Interconnection (known as Peak Reliability). FERC accepts WECC’s delegation of reliability coordinator functions to Peak Reliability. In doing so, the Commission rejected concerns that NERC’s Rules of Procedure prohibited delegation of responsibilities to non-regional entities.

Office of Electric Reliability Authorized to Review NERC NOP

February 11 – FERC issued a [rule](#) authorizing the Office of Electric Reliability to review and process NERC Notices of Penalty (NOP). The Office of Electric Reliability now has delegated authority to extend the period of time to consider Notices for the purpose of obtaining additional information, which had been delegated to the Office of Enforcement. The rule became effective February 19.

FERC Releases Resource Adequacy Report

February 11 – FERC released a report prepared by the Brattle Group entitled “[Resource Adequacy Requirements: Reliability and Economic Implications](#).” The report finds that the “one-day-in-ten-years” loss of load standard is interpreted differently across North America and leads to a difference in planning reserve margins of more than five percentage points.

NERC

NERC Petitions for Approval of Proposed Reliability Standards MOD-032-1 and MOD-033-1

February 25 – NERC filed with FERC a [petition](#) for approval of proposed reliability standard MOD-032-1 for Power System Modeling and Analysis and MOD-033-1 on Steady-State and Dynamic System Model Validation.

NERC Petitions for Approval of Proposed Reliability Standard PRC-005-3

February 14 – NERC [filed with FERC](#) a petition for approval of proposed reliability standard PRC-005-3 regarding protection system maintenance. The proposed reliability standard responds to FERC’s Order No. 758 concerns regarding reclosing relays, which NERC proposes to include in the new PRC-005-3 standard.

NERC Files Unaudited Actual-to-Budget Variance Analysis

February 11 – NERC filed an unaudited [analysis](#) of its actual 2013 expenditures as compared to the budgeted amounts for that year. According to NERC, the organization came in \$9,500 over budget.

NERC Petitions for Approval of Proposed Reliability Standard MOD-001-2 and Retirement of Several MOD Standards

February 10 – NERC [filed with FERC](#) a petition for approval of proposed reliability standard MOD-001-2 and also seeks to retire several existing MOD standards. According to NERC’s petition, the proposed standard is designed to replace, consolidate, and improve upon the existing MOD standards that address Available Transfer Capability (“ATC”) and Available Flowgate Capability (“AFC”).

NERC Board Approves Strategic Plan, Adopts 10 New Standards

February 7 – NERC’s Board [approved](#) the organization’s strategic plan for 2014-2017 and adopted ten new Reliability Standards.

NERC Conducts Electronic Survey on Risk-based Registration

February – As a part of its Risk-based Registration Assessment Project, NERC is conducting an [electronic survey](#) for stakeholder input on

Dates & Events

February 2014

- 28 Final day to participate in NERC’s [Risk-Based Registration Assessment Survey](#)
- 28 [Industry Webinar](#) on Revisions to BAL-005-2b and BAL-006-2

March 2014

- 3-4 Transmission Operations and Interconnection Reliability Operations and Coordination (TOP-IRO) [Technical Conference 1](#), St. Louis, MO
- 4 Critical Infrastructure Protection [Technical Workshop](#), St. Louis, MO
- 4-6 Spring ERO [Compliance Workshop](#), Atlanta, GA
- 6 TOP-IRO [Technical Conference 2](#), Washington, DC
- 24 Comments due to FERC on proposed [Geomagnetic Disturbance Operations](#) standard

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- 1 Standards BAL-001-1, BAL-004-WECC-2, BAL-001-TRE-1, and PRC-006-SERC-01 [become effective](#)

what reforms industry believes should be implemented with respect to the current NERC registration and certification framework. Responses to the survey are due by February 28.

CONGRESS

Sen. Murkowski Releases Reliability White Paper February 11 – Senator Lisa Murkowski (R-AK) released a white paper entitled “[Powering the Future: Ensuring that Federal Policy Fully Supports Electric Reliability](#)” that highlights the nation’s changing fuel mix, notes the potential impact of environmental regulations on reliability through power plant closures, and calls for greater recognition of the reliability impacts of federal rulemaking.

OTHER DEVELOPMENTS

Selected Regional Compliance / Training Events

March 2014

- 3-7 [WECC Power System Dynamics Training](#)
- 17-18 [SERC Spring Compliance Seminar](#)
- 17-20 [SPP System Operations Conference](#)
- 17-21 [WECC Power System Protection Training](#)
- 25-26 [RFC Spring Reliability Workshop](#)
- 28 [TRE RAI & Internal Controls Workshop](#)

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- 8-10 [FRCC Spring Compliance Workshop](#)
- 14-18 [WECC Dynamics of Disturbances Training](#)
- 15-17 [SERC System Operator Conference #1](#)
- 21-24 [SPP System Operations Conference](#)
- 21-25 [WECC Transmission Operations - Voltage Control Training](#)

DHS Launches Critical Infrastructure Cyber Community Voluntary Program February 12 – In conjunction with NIST’s release of its cybersecurity framework, the Department of Homeland Security announced a [voluntary program](#) for the Critical Infrastructure Cyber Community (C³). The program is intended to allow federal agencies and critical infrastructure sectors (such as energy and water) to share best practices, increase awareness and use of the framework, and make future improvements.

DOE Unveils New Oil and Gas Cybersecurity Model February 12 – The U.S. Department of Energy announced the release of a [new version of its Cybersecurity Capability Maturity Model](#). The new model follows on the 2012 launch of a comparable model for the electricity subsector, and is designed to help oil and gas entities assess the strengths and weaknesses of their cybersecurity efforts and to implement best practices. The program is voluntary, and DOE has also released a sector-neutral version appropriate for general use.

DOE Announces Funding for Microgrid Resilience February 7 – The U.S. Department of Energy [announced](#) a \$7 million funding opportunity for implementation of technologies to develop adaptive and resilient microgrid systems. The funding opportunity announcement is aimed at teams of communities, technology developers, and utilities, and each applicant must work with an entity or community to develop a microgrid under 10MW capable of powering a small community; applicants are further encouraged to design systems capable of protecting critical infrastructure facilities.

REGIONAL NEWS

SPP Submits BA Certification February 18 – Southwest Power Pool (SPP) submitted to FERC a [certification](#) that it would be the Balancing Authority (BA) for the SPP BA area, effective March 1, 2014, as a part of its implementation of the SPP Integrated Marketplace.

WECC Announces Peak Reliability Now Fully Independent February 13 – WECC [announced](#) that, as a result of the FERC order approving its compliance filings (discussed above), WECC and Peak Reliability are now fully independent and will begin seating their respective boards. Peak subsequently [announced](#) that it had elected officers and established a governance structure for the now, wholly-independent entity.

About Us

The Van Ness Feldman Electric Reliability Update is published by [Andrew Art](#), [Malcolm McLellan](#) and [Gabe Tabak](#), with assistance from [Chris Zentz](#), [Ilan Gutherz](#), [Tom Hutton](#), and [Van Smith](#).

[Van Ness Feldman](#) counsels, advises and trains a wide range of clients on reliability matters. Please [email us](#) or call us at 202.298.1817 or 206.829.1814 for additional information.

NERC Balloting & Comment Deadlines

February 2014

- 27 [Comments Due](#): Project 2010-17 - Definition of Bulk Electric System (Phase 2)

March 2014

- 3 [Additional Ballot and Non-Binding Poll Closes and Comments Due](#): Project 2010-05.1 – Protection System: Phase 1 (Misoperations) – PRC-004
- 13 [Comments Due](#): Project 2012-13 – NUC-Nuclear Plant Interface Coordination
- 14 [Comments Due](#): Project 2007-17.3 – Protection System Maintenance and Testing – Phase 3 (Sudden Pressure Relays)
- 19 [Comments Due](#): Project 2010-05.2 – Special Protection Systems – Phase 2 of Protection Systems
- 24 [Comments Due](#): Project 2014-03 – Revisions to TOP/IRO Reliability Standards

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- 7 [Comments Due](#): Project 2010-14.2 – Periodic Review of BAL Standards

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