

NERC News

January 2010

Headlines

NERC & NRC sign agreement regarding oversight of cyber security at nuclear power plants

NERC welcomes government relations and communications staff

Standards

Proposed improvements to NERC's Standards Development Processes

Results-based reliability standards initiative

Standards drafting team openings

Compliance

December 2009 Compliance Violation Statistics Posted

Compliance Backlog continues to decline.

Assessment & Trends

Two special Reliability Assessments being developed

Critical Infrastructure Protection

Project 2008-06 Cyber Security - Order 706

Filings

NERC Filings/FERC Orders

Documents filed with FERC and Canadian authorities during January.

Upcoming Workshops and Webcasts

Proposed Revisions to CIP-002-4 (Webcast)

February 3, 2010

NERC to host Demand Response Availability Data System (DADS) Technical Workshop

Tuesday, February 9, 2010

1:00 p.m. EST

Overview of the Proposed Standard Processes Manual (Webcast)

March 1, 2010

Power Plant and Transmission System Protection Coordination Workshop

March 17-18, 2010

HEADLINE NEWS

NERC & NRC sign agreement regarding oversight of cyber security at nuclear power plants

January 11, 2010

Oversight of cyber security at U.S. commercial nuclear power plants will be divided between the U.S. Nuclear Regulatory Commission (NRC) and the North American Electric Reliability Corporation (NERC), under the terms of a Memorandum of Understanding (MOU) signed recently by the two organizations.

The Federal Energy Regulatory Commission (FERC), in Order 706-B on March 19, 2009, clarified that the facilities within nuclear power plants that are not regulated by the NRC are subject to compliance with the NERC reliability standards approved in Order 706.

View the full news release at:

http://www.nerc.com/news_pr.php?npr=489 ■■■

NERC welcomes government relations and communications staff

January 18, 2010

Janet Sena has joined the North American Electric Reliability Corporation (NERC) as Director of Governmental Relations, and Carl Dombek has joined as Manager of Communications. Both positions are based in NERC's Washington, D.C. office.

Mrs. Sena is responsible for ensuring effective coordination between NERC and the Federal Energy Regulatory Commission, the U.S. Department of Energy, and other federal, Canadian, and state governmental and regulatory entities.

Mr. Dombek is responsible for communications with a wide variety of internal and external audiences including the news media.

View the full news release:

http://www.nerc.com/news_pr.php?npr=494 ■■■

STANDARDS NEWS

Proposed improvements to NERC's Standards Development Processes

A new *Standard Processes Manual* has been [posted](#) for a 45-day formal comment period. The manual reflects the merging of three parallel efforts to improve NERC's standards development processes:

- Industry stakeholders submitted numerous comments during the development of the [Three-year Performance Assessment](#), indicating the need for changes to the standards processes that would improve quality, reduce development time, while maintaining ANSI accreditation.
- The Standards Committee and its Process Subcommittee have been working on ideas to improve the effectiveness and speed of standards development while respecting NERC and [American National Standards Institute](#) (ANSI) standards development principles.
- NERC's Ad Hoc Group for Results-based Reliability Standards submitted a preliminary report to the NERC Board in November 2009 that highlighted the need to provide more guidance to drafting teams and better "quality" control over the development of standards.

In response to the Three-Year Performance Assessment, a review was conducted in late 2009 to compare NERC's standards development process against ANSI's requirements for standards accreditation and to compare NERC's process against the processes of three other ANSI-accredited standards developers. This review showed that there are only three steps in NERC's existing standard development process that are required by ANSI – having a balanced ballot pool; having a formal comment period where all stakeholders have the right to submit comments and have those comments considered;

and, the balloting of each standard. The three standard development processes that were reviewed all had a feature that NERC's existing standards process does not have - concurrent formal comment and ballot periods. NERC's serial process of posting preliminary documents for formal comment periods is not used in any of the three standards processes reviewed.

The new "Standard Processes Manual" is intended to replace the "Reliability Standards Development Procedure Version 7" manual in its entirety. When comparing the Reliability Standards Development Procedure Version 7 against the Standards Process Manual, the following revisions are those that are designed to result in the greatest improvements in efficiency and quality without jeopardizing ANSI accreditation:

- Simplified Standard Authorization Request (SAR) processing such that not all SARs require a formal comment period (elimination of the formal comment period for a SAR saves at least three months of project time)
- Formation of a single drafting team to address both the SAR and the associated standard (use of a single team saves at least six weeks of project time – some of this time saved is in parallel with the elimination a formal SAR comment period)
- Addition of a technical writer to the team (reduces drafting team meeting time spent trying to "get the words right" while improving the overall quality of the phrasing of the standard)
- Allowance for collection of informal feedback on preliminary drafts of standards (eliminates face-to-face meetings dedicated to perfecting the wording of responses to comments rather than considering those comments)
- Formal quality review of a final draft standard prior to posting for formal comment (eliminates posting of documents

that don't meet specified criteria – allows stakeholders to focus comments on technical issues rather than quality attributes of the standard)

- Concurrent formal comment and ballot periods (reduces at least 30 days of pre-ballot review prior to each ballot – encourages teams to modify standard between ballots, based on stakeholder comments, to improve quality of standard)

The Standard Processes Manual is posted for a 45-day comment period through March 12, 2010 at <http://www.nerc.com/filez/sc.html>. A Webinar will be held on Monday, March 1 from 1:00 to 3:00 p.m. to provide stakeholders with more details on the proposed manual and an opportunity to ask questions. Patrick Brown, PJM Interconnection's Manager of NERC and Regional Coordination and member of the Standards Committee's Process Subcommittee, played a key role in the research for the process changes and will lead the Webinar presentation. You may register for the Webinar at: <http://www.nerc.com/page.php?cid=6|83|187> ■■■

Results-Based Reliability Standards Initiative

In 2009 a team of industry, NERC, and Regional Entity representatives was formed to develop recommendations to ensure NERC's reliability standards are designed to have the greatest possible positive effect on the reliability of the bulk power system. The work of this ad hoc team resulted in a [Proposal to Develop Results-Based Reliability Standards](#), a report outlining a guiding set of principles based on performance and risk-based methods and offering specific recommendations for improving the development and format of reliability standards.

The team presented the concepts of this "results-based standards" initiative to various NERC committees, to industry stakeholders during a Webinar for the annual update of the NERC Reliability Standards Development Plan, and to

the NERC Board of Trustees. The ideas received widespread support from the audiences. At its November 4, 2009 meeting, the NERC Board of Trustees endorsed the recommendations and asked the ad hoc team to continue working on the project to more fully develop an implementation plan.

An important goal for the ad hoc team was to identify a set of reliability standards for a proof-of-concept demonstration of results-based standards. A subset of the team was tasked with recommending standards for which a near-term revision could have the greatest possible positive effect on the reliability of the bulk power system. On January 14, 2010, the Standards Committee approved the ad hoc team's recommendation to use FAC-003-2 — Transmission Vegetation Management Program, the standard under development in [Project 2007-07: Vegetation Management](#), as the initial proof-of-concept results-based standard.

In order to apply the concepts globally in the standards development process, the results-based standards initiative will be handed over to the Standards Committee after the May 2010 NERC Board of Trustees meeting. The ad hoc team has developed an aggressive schedule for the transition, which includes, among others, these important steps:

1. With Standards Committee approval, engage selected additional drafting team(s); and in consultation with those team(s), guide and expedite drafting of results-based standard(s).
2. Develop a training/orientation program for drafting teams, including job aids (with criteria) to guide development of results-based standards.
3. Develop a road map for prioritized development of results-based standards and incorporate more fully into the three-year development plan.
4. Work with Standards Committee to institutionalize the results-based approach and carry out the expanded role of the

Standards Committee in managing the quality and timeliness of ongoing and future standards projects.

Throughout the year, the ad hoc team will be communicating the progress of this results-based initiative, including status updates on the Results-based Reliability Standards project page: http://www.nerc.com/filez/standards/Project2010-06_Results-based_Reliability_Standards.html. The team enlisted the assistance of the NERC Standards Committee Communications and Planning Subcommittee to develop an overall communications plan for this effort, which was approved by the Standards Committee in January. The goal of the communication plan is to inform and educate reliability stakeholders about the results-based standards initiative, and promote input and participation from reliability stakeholders. If you have further questions associated with this effort, you may contact Chris Hajovski of RRI Energy (CJHajovsky@rrienergy.com) or David Taylor of NERC (david.taylor@nerc.net), the co-chairs of the ad hoc team. ■■■

Standards Drafting Team Openings

Project 2007-02 Operating Personnel Communications Protocols

Seeking an individual with physical security experience, an individual with cyber security experience, and an individual from the Eastern Interconnection: [Apply >>](#)

Project 2007-07 Vegetation Management

Seeking an individual from the WECC region with experience in developing and directing vegetation management programs, managing real-time bulk electric system operations, vegetation compliance in WECC: [Apply >>](#)

Project 2007-12 Frequency Response

Seeking individual representing Transmission Dependent Utilities (TDU): [Apply >>](#)

Project 2008-06 Cyber Security — Order 706

Seeking individuals from any segment or region with experience in implementing cyber systems in substations and/or generation stations, transmission planning, or operations (Note: this is a more resource intensive drafting team than others. The team plans to meet face-to-face monthly in 2010.): [Apply >>](#)

Project 2008-12 Coordinate Interchange Standards

Seeking an individual from a Transmission Dependent Utility that is experienced with tagging, scheduling, and checking out Interchange: [Apply >>](#)

Project 2009-02 — Real-time Tools

Seeking individuals representing smaller Transmission Operators and Independent Power Producers: [Apply >>](#)

Any industry stakeholder meeting the indicated qualifications for the vacant appointments may submit a self nomination form to sarcomm@nerc.com.

Please contact Lauren Koller at Lauren.Koller@nerc.net with questions regarding the drafting team vacancies.

View drafting team vacancies at: http://www.nerc.com/filez/standards/drafting_team_vacancies.html ■■■

COMPLIANCE NEWS

NERC Posts December 2009 Compliance Violation Statistics

As of December 31, 2009, NERC had 1,950 active violations. Nearly one-third of that total was in State 1 (Assessment and Validation); one-third was in settlement negotiations; and approximately one-fourth was in State 3 (Regulatory Filings).

[Click here for the full report](#) ■■■

ASSESSMENTS & TRENDS

Two Special Reliability Assessments

NERC’s Reliability Assessment and Performance Analysis group is preparing two Special Reliability Assessments examining scenarios. Both assessments focus on the potential impacts on reserve margins and address deliverability considerations.

The first scenario addresses the potential reliability impacts of rapid demand growth after a long-term recession. Due to current economic conditions, demand growth projections remain flat to negative over the next seven to eight years, followed by an abrupt change to normal or high demand growth as the economy recovers.

The second scenario assesses the reliability affects of several environmental regulations proposed by the U.S. EPA, which could result in early retirements of some coal-fired power plants due to the cost of compliance.

These Special Reliability Assessments are targeted for completion this spring, after the NERC Planning Committee’s review in March and approval in June. ■■■

CRITICAL INFRASTRUCTURE PROTECTION

Project 2008-06 Cyber Security - Order 706

The electric utility industry, through NERC’s standards development process, has been working to refine and strengthen its cyber security standards since 2003, with the first mandatory set of standards approved by the Federal Energy Regulatory Commission (FERC) on January 18, 2008 in FERC Order 706. As the standards continue to evolve, they are migrating from an approach of “one size fits all,” to one that is better aligned with a strategy of risk management, together with the goal of prioritizing the protection of cyber systems based on their potential impact

on the BES and applying security controls appropriate to that potential impact.

The NERC Cyber Security Order 706 Standard Drafting Team (drafting team) is diligently working to develop revised standards that further help the industry secure its electric system and cyber system assets from possible threats, while addressing the directives provided by FERC in Order 706. NERC filed the Version 2 NERC critical infrastructure protection (CIP) Reliability Standards (CIP-002 through CIP-009) in May 2009 that were approved by FERC in September, 2009. These proposed incremental modifications to the original approved CIP standards. In the order, FERC directed NERC to make additional changes to two of the standards (CIP-006-2 and CIP-008-2), to update the associated implementation plan, and to file the modified standards and implementation plan within 90 days. Although the Commission directed changes to only two of the eight reliability standards, conforming changes were necessary and drafted for the remaining six CIP Reliability Standards to correct the cross references within the set of standards. The Version 3 CIP standards were approved by the NERC Board of Trustees on December 16, 2009 and were submitted to FERC for approval by December 29, 2009 in accordance with the FERC 90-day directive.

The drafting team is now focused on addressing the remainder of the Order 706 directives and producing Version 4 of the standards. As part of this effort, the drafting team studied and evaluated the applicability of the National Institute of Standards and Technology (NIST) risk management framework, which was developed for use by governmental agencies required to comply with the Federal Information Security Management Act (FISMA), to the CIP Standards.

Another important aspect the team needs to address is the effectiveness and scope of the requirements for the CIP-002 Reliability Standard relating to the use of a risk-based methodology to identify critical cyber assets, i.e., which assets should be covered and therefore addressed by the remainder of the CIP standards. The drafting team developed and, in July, 2009, posted a working concept paper, *Categorizing Cyber Systems: An Approach Based on BES Reliability Functions*, that proposes a broader and more comprehensive approach for providing appropriate and effective cyber security on the systems that support the reliability of the Bulk Electric System (BES). Nearly 50 sets of comments were received on the concept paper from a broad cross-section of the electric industry participants.

The drafting team utilized this input to the concept paper to finalize its approach for a new version 4 of the CIP-002 standard. The drafting team also reached out to the Operating Committee, Planning Committee, and other operating and planning groups within NERC to obtain additional subject matter expertise on non-cyber aspects of the proposed framework. The drafting team posted proposed CIP-002-4 for an informal comment period that concludes on February 12, 2010. The drafting team is currently seeking stakeholder input to this proposal before it finalizes the first formal draft of the revised CIP-002 standard. The drafting team also posted a draft guidance document to help explain the proposed standard, and a comment form to gather stakeholder input. To further support the industry's review of this revised CIP-002 standard, the drafting team conducted a Webinar on February 3, 2010 to further explain the strategy and approach utilized, to answer stakeholder questions, and to solicit stakeholder feedback. Nearly 500 stakeholders participated in this activity.



FILINGS

NERC Filings to FERC

(click on the filing to view)

January 29, 2010

[Quarterly Report Regarding Analysis of Reliability Standard Voting Results October - December 2009](#)

NERC submits its fourth quarter 2009 report on the analysis of voting results for Reliability Standards. This filing is submitted in response to the FERC's January 18, 2007 Order that requires NERC to closely monitor and report to FERC the voting results for NERC Reliability Standards each quarter for three years. *Docket No. RR06-1-000*

January 26, 2010

[Response of NERC and WECC to January 11, 2010 FERC Letter Order Requesting Data and Documents](#)

NERC and WECC submit this response to the FERC January 11, 2010 Request for Data and Documents regarding NERC's November 13, 2009 Notice of Penalty filing regarding Turlock Irrigation District ("Turlock") in the WECC Region. *Docket No. NP10-18-000*

January 19, 2010

[Compliance Filing in Response to December 17, 2009 FERC Order Regarding Scope of Systems](#)

NERC submits this compliance filing in response to the December 17, 2009 Order requiring NERC to submit additional information that will allow FERC to evaluate its approval of NERC's CIP Version 1 Implementation Plan for nuclear power plant GOs and GOPs. FERC also directed NERC to incorporate into the Implementation Plan the implementation of Version 2 of the CIP standards by nuclear power plants on the same schedule established for Version 1. *Docket No. RM06-22-010*.

January 11, 2010

[Partial Compliance Filing of NERC in Response to October 2009 Order on 2010 Business Plan and Budgets](#)

NERC submits a partial compliance filing in response to Paragraph 36 of the October 15, 2009 Order on 2010 Business Plans and Budgets. *Docket Nos. RR09-9-002, RR07-14-006 and RR08-6-006* ■■■

NERC Filings to Canadian Authorities

(click on the filing to view)

January 21, 2010

[Notice of Filing of Interpretations to Reliability Standard CIP-006-2, R1.1 and R4](#)

(Alberta, British Columbia, Manitoba, National Energy Board, New Brunswick, Ontario, Québec, and Saskatchewan)

January 21, 2010

[Notice of Filing of VSLs to CIP Version 2 Standards CIP-002-2 through CIP-009-2 and VRFs for CIP-003-2 and CIP-006-2](#)

(Alberta, British Columbia, Manitoba, National Energy Board, New Brunswick, Ontario, Québec, and Saskatchewan)

January 21, 2010

[Notice of Filing of Revised Standards for Critical Infrastructure Protection and Revised Implementation Plans](#)

(Alberta, British Columbia, Manitoba, National Energy Board, New Brunswick, Ontario, Québec, and Saskatchewan)

January 21, 2010

[Notice of Filing of Three Emergency Preparedness and Operations Reliability Standards](#)

(Alberta, British Columbia, Manitoba, National Energy Board, New Brunswick, Ontario, Québec, and Saskatchewan)

January 21, 2010

[Notice of Filing of Proposed New and Revised Reliability Standards for Operating Within IROLs](#)

(Alberta, British Columbia, Manitoba, National Energy Board, New Brunswick, Ontario, Québec, and Saskatchewan)

January 21, 2010

[Notice of Filing of Revisions to Violation Risk Factors for NUC-001-1](#)

(Alberta, British Columbia, Manitoba, National Energy Board, New Brunswick, Ontario, Québec, and Saskatchewan) ■■■

UPCOMING WEBCASTS

Proposed revisions to CIO-002-4

February 3, 2010 | 1:00 – 3:00 p.m. EST

Intended for stakeholders who are interested in direct interaction with drafting team members to learn more about the proposed draft of CIP-002-4 – Cyber Security – BES Cyber System Categorization.

Register online at:

<https://cc.readytalk.com/cc/schedule/display.do?udc=to mq37wyp8y3>

Overview of the Proposed Standard Processes Manual

March 1, 2010 | 1:00–3:00 p.m. EST

Intended for Stakeholders who want to know more about the proposed changes to NERC's standard development processes described in the Standard Processes Manual currently posted for comment.

Register online at:

<https://cc.readytalk.com/r/6viu4ptnnqt8> ■■■

UPCOMING WORKSHOPS

Power Plant and Transmission System Protection Coordination Workshop

March 17, 2010 | 1:00 –5:00 p.m.

March 18, 2010 | 8:00 a.m. – noon

Phoenix, AZ

Intended for engineers responsible for:

- Specification, design, and setting of power plant and generator protection systems,
- Specification, design, and setting of transmission system protection, and
- Transmission planning or operating studies who desire a better understanding of how power plant and transmission system protection systems respond during system disturbances.

Registration fee is \$100. Pre-registration ends on March 10, 2010. Workshop details available at: <http://www.nerc.net/meetings/details.asp?id=2844>

Register:

<https://payment.nerc.net/pptspcw/pptspcw.aspx> ■■■

Demand Response Availability Data System (DADS) Technical Workshop

NERC will host a Technical Workshop for the Demand Response Availability Data System (DADS) on February 9 at 1:00 p.m. EST. The goal of the DADS is to collect Demand Response enrollment and event information to measure its actual performance including its contribution to improved reliability.

The purpose of this workshop is to provide an overview of demand response performance data, introduce the DADS, and to provide detailed instruction on voluntary participation for the 2010 DADS Phase I program. A detailed agenda for the workshop is available at:

http://www.nerc.com/docs/pc/drddf/DADS_Technical_Workshop_Agenda-2-9-10.pdf .

Ultimately, analysis of demand response performance can provide industry with a basis for projecting contributions of dispatchable and non-dispatchable (e.g., price-driven) demand response on long-term adequacy and operational reliability.

In 2010, the Demand Response Data Task Force will piloting this Phase I program, including voluntary data collection of dispatchable and controllable Demand Response.

Phase II, mandatory data reporting from the industry, is expected to commence in 2011. The NERC Planning Committee approved the report titled *Demand Response Availability Data System (DADS): Phase I & II* and its recommendations to support mandatory data collection of historical demand response performance data.

For the most up-to-date information on the working group's activities, please visit

<http://www.nerc.com/filez/drddf.html> or contact John.Moura@nerc.net. ■■■