

Compliance Application Notice – 0016

CIP-001 R1 Sabotage Reporting Procedure

Posted: June 17, 2011

Reposted: October 13, 2011

Primary Interest Groups

Compliance Enforcement Authority (CEA)¹

NERC

Regional Entity

Registered Entity

Issue: What facilities should be included in a registered entity's sabotage reporting procedure?

For the purpose of aiding a CEA, this CAN provides instruction for assessing whether registered entities have developed sabotage reporting procedures that fulfill the requirements of CIP-001.

Compliance Application

CIP-001² provides, in pertinent part:

***R1.** Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities³ and multi-site sabotage affecting larger portions of the Interconnection.*

Therefore, CEAs are instructed to verify:

1. a registered entity has procedures for the recognition of sabotage events;
2. a registered entity has procedures for personnel recognizing a sabotage event to make the entity's operating personnel aware of the sabotage event(s);
3. pursuant to its procedures, a registered entity's personnel are able to recognize sabotage events that happen on the registered entity's facilities; and
4. pursuant to its procedures, a registered entity's personnel are able to recognize sabotage events that happen across multiple sites that would affect larger portions of the Interconnection.

¹ Compliance Enforcement Authorities include ERO auditors, investigators, enforcement personnel or any person authorized to assess issues of concern, potential non-compliance, and possible, alleged or confirmed violations of NERC Reliability Standard requirements.

² Pursuant to section 215 of the Federal Power Act (FPA), the Commission approved CIP-001-1 in FERC Order No. 693. *Mandatory Reliability Standards for the Bulk Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *rehearing denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A).

³ The standard includes the word "facilities," which is not capitalized and therefore does not denote an identified term. *The NERC Glossary of Terms Used in Reliability Standards* defines "Facility" as "A set of electrical equipment that operates as a single Bulk Electric System Element (e.g., a line, a generator, a shunt compensator, transformer, etc.)."

The emphasis of the standard is for the registered entity's personnel to be able to recognize a sabotage event that may impact⁴ the reliability of the Bulk Power System (BPS) and to make operating personnel aware of a recognized sabotage event(s). A CEA is to verify that the entity's procedure provides sufficient detail as to how it determines whether 1) events are sabotage-related and 2) the event has the potential to impact the reliability of the BPS.

When assessing compliance, CEAs are not to consider a registered entity's determinations regarding whether events were sabotage-related or whether the events were reported. A CEA is to verify whether the registered entity made the determination and reporting decision according to the entity's sabotage reporting procedure.

While a registered entity's sabotage reporting procedure may require personnel to be aware of specific items for a particular facility, a CEA is not to consider whether a registered entity listed any of its facilities in its sabotage reporting procedure when assessing compliance. If an employee is aware of how to recognize a sabotage event, the employee will be able to recognize a sabotage event regardless of where on, or in, the registered entity's facilities it occurred. However, a CEA is to assess a possible non-compliance when a registered entity's sabotage reporting procedure specifically excludes facilities that have the potential to impact the reliability of the BPS.

Effective Period for CAN

This revised CAN supersedes the original CAN, as well as all prior communications. CEAs are to use this CAN to assess compliance from June 17, 2011, regardless of the start date of the violation. It will remain in effect until such time that a future version of a FERC or other applicable government authority approved standard or interpretation becomes effective and addresses the specific issue contained in this CAN.

It is anticipated that EOP-004-2, in Standards Development Project 2009-1 Disturbance and Sabotage Reporting, will ultimately define sabotage reporting obligations in CIP-001-1a after industry approval, BOT approval and FERC approval.

CEAs are instructed to assess compliance by the registered entity's current⁵ sabotage reporting procedure and the facts and circumstances surrounding that procedure. For example:

1. If, following the posting of this CAN, a registered entity's sabotage reporting procedure contains the elements specified by the standard and outlined in this CAN, CEAs are to evaluate the entity's current sabotage reporting procedure. The CEA is not to look further back in time to determine non-compliance or a Possible Violation because prior versions of the entity's

⁴ Examples may include but are not limited to: events or activities that may threaten the reliability of the BPS, create a threat to the reliability of the BPS or impede the utilities ability to reliably operate the BPS.

⁵ "Current" means the sabotage reporting procedure in effect at the time of the audit.

sabotage reporting procedure did not include each of the elements identified in this CAN, or specifically excluded certain facilities that, if subjected to a sabotage event, could impact the BPS.

2. The CEA is to identify non-compliance and find a Possible Violation if a registered entity:
 - a. did not respond to compliance guidance and therefore its current sabotage reporting procedure specifically excludes facilities that, if subjected to a sabotage event, could impact the BPS; or
 - b. responded to this compliance guidance only in preparation for an upcoming audit. In this situation a CEA is to look at the entity's previous versions of its sabotage reporting procedure and make an assessment of the registered entity's actions based on the content in its revised sabotage reporting procedure as well as the facts and circumstances surrounding the revision.

For any enforcement action in process and for audits that have been initiated,⁶ a CEA will apply the appropriate discretion, including consideration of the specific facts and circumstances of the non-compliance, in determining whether this CAN should be applied.

Evidence of Compliance

A CEA is to assess the following to obtain reasonable assurance of the entity's compliance:

1. evidence of the entity's sabotage reporting procedure, including how it will identify sabotage events that impact the reliability of the BPS, and
2. evidence that the entity is following its procedure, including a list of events that were analyzed. For example:
 - If a registered entity had a sabotage event or activity, the entity could demonstrate how it followed its procedure to:
 1. recognize a sabotage event that may have an impact on the BPS, and
 2. make its operating personnel aware of the event.
 - If a registered entity had a suspect event or activity that the entity determined was not due to sabotage or would not have an impact on the BPS, it could demonstrate how it followed its sabotage procedure to make that determination.
 - If a registered entity did not have a sabotage event or activity, the entity could demonstrate that its employees are aware of its procedure and would be able to implement the procedure if such an event or activity occurred. An entity may also provide an attestation that no suspect events or activities had occurred.

⁶ "Initiated" means that a registered entity has received notification of the upcoming audit.

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This document is designed to convey compliance monitoring instruction to achieve a measure of consistency among auditors and Compliance Enforcement Authorities. It is not intended to establish new requirements under NERC’s Reliability Standards or to modify the requirements in any existing NERC Reliability Standard. Compliance will continue to be assessed based on language in the currently enforceable NERC Reliability Standards. This document is not intended to define the exclusive method an entity must use to comply with a particular standard or requirement, or foreclose a registered entity’s demonstration by alternative means that it has complied with the language and intent of the standard or requirement, taking into account the facts and circumstances of a particular registered entity. Implementation of information in this document is not a substitute for compliance with requirements in NERC’s Reliability Standards.

Revision History

Posted Date	Action	Revision
June 17, 2011	Posted Final CAN	
October 14, 2011	Posted Revised CAN	Supersedes prior CAN; incorporates direction of NERC Board of Trustees