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**BEFORE THE  
RÉGIE DE L'ÉNERGIE  
THE PROVINCE OF QUÉBEC**

**NORTH AMERICAN ELECTRIC )  
RELIABILITY CORPORATION )**

**NOTICE OF FILING OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY OF VIOLATION SEVERITY LEVEL  
ASSIGNMENTS FOR CRITICAL INFRASTRUCTURE PROTECTION RELIABILITY  
STANDARDS**

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**EXHIBIT B** — Proposed Modifications to Violation Severity Level Assignments for Approved Reliability Standards (Clean)

**EXHIBIT C** — Complete Matrix of Approved Violation Severity Level Assignments for Each FERC-Approved Reliability Standard and Proposed Modifications to Violation Severity Level Assignments for Reliability Standards

**BEFORE THE  
RÉGIE DE L'ÉNERGIE  
THE PROVINCE OF QUÉBEC**

**NORTH AMERICAN ELECTRIC )  
RELIABILITY CORPORATION )**

**NOTICE OF FILING OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION OF VIOLATION  
SEVERITY LEVEL ASSIGNMENTS FOR CRITICAL INFRASTRUCTURE  
PROTECTION RELIABILITY STANDARDS**

**I. INTRODUCTION**

The North American Electric Reliability Corporation (“NERC”) hereby submits revisions to 57 sets of Violation Severity Level (“VSL”) assignments for Version 1 of the Critical Infrastructure Protection (“CIP”) Reliability Standards.<sup>1</sup>

**Exhibit A** to this filing includes the redlined version of the proposed modifications to the VSL assignments. **Exhibit B** to this filing contains the clean version of the proposed modifications to the VSL assignments. **Exhibit C** to this filing contains the complete matrix of approved VSLs assigned for each FERC-approved Reliability Standard, as well as the proposed modifications to the VSL assignments associated with the instant filing.

The instant filing only includes the specific revisions to VSL assignments as set forth in the March 18 CIP VSL Order that FERC directed to be made no later than May 17, 2010.<sup>2</sup> The revisions are made to correspond to the four VSL Guidelines previously articulated by FERC as

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<sup>1</sup> Such revisions were made in compliance with the following Federal Energy Regulatory Commission (“FERC”) Order: *Mandatory Reliability Standards for Critical Infrastructure Protection*, “Order Addressing Violation Severity Level Assignments for Critical Infrastructure Protection Reliability Standards,” 130 FERC ¶ 61,211 at PP 23, 28, 31- 33 (2010) (“March 18 CIP VSL Order”).

<sup>2</sup> On January 21, 2010, the VSLs for Version 2 of these eight CIP Reliability Standards and the VSLs for Version 3 of these eight CIP Reliability Standards were filed.

well as two new Guidelines established specifically for determining the VSLs for the CIP Reliability Standards.

The revisions to the VSL assignments for the CIP Version 1 Reliability Standards were approved by the NERC Board of Trustees at its May 12, 2010 meeting.

NERC submitted this filing with FERC on May 17, 2010, and is also submitting this filing with the other applicable governmental authorities in Canada.

## **II. NOTICES AND COMMUNICATIONS**

Notices and communications with respect to this filing may be addressed to the following:

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### **III. REVISED VIOLATION SEVERITY LEVEL ASSIGNMENTS FOR CIP-002-1 THROUGH CIP-009-1— CRITICAL INFRASTRUCTURE PROTECTION RELIABILITY STANDARDS TO COMPLY WITH THE MARCH 18 CIP VSL ORDER**

#### **Background**

In Order No. 706,<sup>3</sup> FERC approved eight CIP Reliability Standards and directed NERC to develop modifications to CIP-002-1 through CIP-009-1, including the assignment of VSLs, to address specific concerns through the Reliability Standard Development Process. On June 30, 2009, NERC submitted a filing in compliance with Order No. 706 with FERC seeking the approval of VSLs for eight Version 1 CIP Reliability Standards, CIP-002-1 through CIP-009-1.<sup>4</sup> On March 18, 2010, FERC issued an order responding to the June 30 Filing.

In the March 18 CIP VSL Order, FERC approved NERC's proposed VSL assignments subject to modification of 57 sets of VSL assignments (relating to CIP-003-1, CIP-004-1, CIP-005-1, CIP-006-1, CIP-007-1, CIP-008-1 and CIP-009-1).<sup>5</sup> According to FERC, the modifications are made to reflect the VSL Guidelines as articulated in its June and November 2008 Orders.<sup>6</sup> The four VSL Guidelines are: (1) Violation Severity Level Assignments should not have the unintended consequence of lowering the current level of compliance; (2) Violation Severity Level Assignments should ensure uniformity and consistency in the determination of penalties. There are two specific types of concerns regarding the uniformity and consistency of Violation Severity Level assignments - (a) the single Violation Severity Level assignment

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<sup>3</sup> *Mandatory Reliability Standards for Critical Infrastructure Protection*, 122 FERC ¶ 61,040 (2008) (“Order No. 706”).

<sup>4</sup> *North American Electric Reliability Corporation*, “Petition of the North American Electric Reliability Corporation for Approval of Violation Severity Levels to Critical Infrastructure Protection (CIP) Version 1 Reliability Standards CIP-002-1 through CIP-009-1,” (2009) (“June 30 Filing”).

<sup>5</sup> *See, e.g.*, March 18 CIP VSL Order at PP 1, 13, 23, 28, 31-33, and 37.

<sup>6</sup> *North American Electric Reliability Corporation*, “Order on Violation Severity Levels Proposed by the Electric Reliability Organization,” 123 FERC ¶ 61,284 (2008) (“June 2008 Order”). *North American Electric Reliability Corporation*, “Order on Rehearing and Clarification and Accepting Compliance Filing,” 125 FERC ¶ 61,212 (2008) (“November 2008 Order”).

category for “binary” requirements is not consistent, and (b) the Violation Severity Level assignments contain ambiguous language; (3) Violation Severity Level Assignments should be consistent with the corresponding requirement; and (4) Violation Severity Level Assignments should be based on a single violation, not on a cumulative number of violations.

In addition, FERC established two new guidelines for determining VSLs for CIP Reliability Standards, designated as CIP Guidelines 1 and 2: (1) Requirements where a single lapse in protection can compromise computer network security, *i.e.*, the “weakest link” characteristic, should apply binary rather than gradated Violation Severity Levels; and (2) Violation Severity Levels for cyber security Requirements containing interdependent tasks of documentation and implementation should account for their interdependence.

FERC directed NERC to submit the revised VSL assignments 60 days after the date of the Final Rule, which is May 17, 2010. These modifications are addressed in the instant filing.

### **FERC CIP VSL Guidelines**

CIP VSL assignments for the Requirements identified below have been revised by FERC per the following guidelines:

- CIP Guideline 1
  - CIP-004-1 R2.1
  - CIP-005-1 R1.5, R1.6, R3.2, R4, R5.2
  - CIP-006-1 R1.8, R6
  - CIP-007-1 R5.2.3, R6, R8
- CIP Guidelines 1 and 2
  - CIP-005-1 R2.5
- VSL Guideline 1
  - CIP-003-1 R2.2, R3.1
  - CIP-007-1 R3.1
  - CIP-009-1 R3

- VSL Guideline 2(b)
  - CIP-003-1 R2.1, R3, R3.2, R4.3, R5.1.1
  - CIP-004-1 R2.2, R2.3, R3
  - CIP-006-1 R1.7
  - CIP-007-1 R7
  - CIP-008-1 R1, R2
  - CIP-009-1 R1
  
- CIP Guideline 1 and VSL Guideline 2(b)
  - CIP-005-1 R1, R1.4, R2.2
  - CIP-006-1 R1.5
  - CIP-007-1 R1, R2.1, R2.2, R4, R5.1.1, R5.3, R6.4
  
- CIP Guideline 2 and VSL Guideline 2(b)
  - CIP-003-1 R1, R1.3, R3.3, R4, R5, R6,
  - CIP-005-1 R2
  - CIP-006-1 R2, R3, R4
  - CIP-007-1 R2, R3, R4.2, R5, R6.1
  
- CIP Guideline 1 and 2 and VSL Guideline 2(b)
  - CIP-005-1 R3, R3.1

NERC has incorporated the revisions to the 57 sets of the CIP VSLs assignments in **Exhibit A** of this filing, which provides a redline comparison of the changes made.

**Exhibit B** provides the clean version of the CIP VSL assignment modifications. On May 12, 2010, the NERC Board of Trustees approved the filing of the revised VSLs set forth herein.

Respectfully submitted,

/s/ V. Davis Smith

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## **EXHIBIT A – C**

((Available on the NERC Website at  
[http://www.nerc.com/fileUploads/File/Filings/Attachments to CIP V1 VSL Filing.pdf](http://www.nerc.com/fileUploads/File/Filings/Attachments%20to%20CIP%20V1%20VSL%20Filing.pdf) )