

Announcement

Board Urges Action on Cold Weather Standard; Adopts 2024 Work Plan Priorities, Cyber Security Enhancements

December 12, 2023

WASHINGTON, D.C. – Cold weather standards, 2024 work plan priorities and the long-term reliability outlook were key topics at the final NERC Board of Trustees’ meeting of the year. Specifically, Board Chair Ken DeFontes described the urgent need to strengthen winterization standards and expressed disappointment that the recent vote on the cold weather preparation standard failed to garner the support of the Registered Ballot Body.

“The Board has stated many times that there is an overwhelming need to have standards that provide strong protections against the reliability impacts of extreme cold weather conditions. As directed by the Federal Energy Regulatory Commission last February, NERC and industry have been working on a set of changes to address weaknesses in the original generator cold weather preparation standard (EOP-012-1),” DeFontes said. “However, the most recent ballot failed to achieve industry approval. As a result, we are now in danger of not meeting FERC’s February 16, 2024, deadline for a revised standard.”

DeFontes noted that NERC staff was submitting a request to the Standards Committee to authorize a further procedural waiver to attempt another ballot immediately following the holidays and urged the Standards Committee to give the request full consideration.

“If the Standards Committee does not authorize this waiver, or the January ballot does not pass or the resulting language is not adequate, the Board will have no other choice but to invoke a special rule to address FERC directives. This rule has been in place for more than a decade to address a situation just like this — to produce a reliability standard consistent with a regulatory directive when NERC’s usual process fails to do so,” DeFontes said. “We hope that stakeholders will rise to the occasion and address these important reliability issues promptly, and we will not have to invoke this special rule. However, in the end, we must do what needs to be done and that includes using all the procedural tools available to address this directive.”

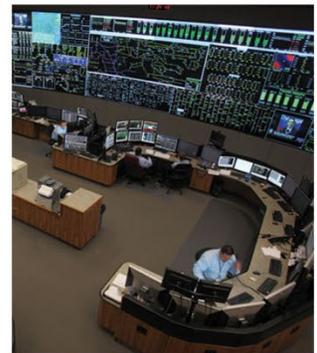
Approvals

Among major actions, the Board approved the **2024 Work Plan Priorities (WPPs)**, **Working Capital and Reserves Policy** revisions and the **2024–2026 Reliability Standards Development Plan (RSDP)**.

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In 2022, NERC developed a three-year plan for 2023–2025 that included four strategic focus areas: Energy, Security, Agility and Sustainability. NERC’s annual WPPs provide goalposts for executing each year of the plan. NERC is completing execution of Year One and will provide an overview of the 2023 WPP accomplishments at the February 2024 Board meeting.

The **2024 WPPs**, which encompass the second year of NERC’s three-year plan, were presented to and approved by the Board. Reporting on the 2024 WPPs and the associated benefits of investments will be integrated throughout the year.

The **Working Capital and Reserves Policy** was revised to align with the Federal Energy Regulatory Commission’s recent order approving modifications to a 2013 settlement agreement between FERC and NERC. FERC issued a new settlement requirement in October, allowing NERC to draw from reserves and move funding between program areas as conditions and priorities change, raising the approval threshold to 5% of NERC’s approved budget. NERC will continue to make informational filings for expenditures of operating reserves or redirection of budgeted funds from the statutory programs for expenditures between 3–5% of NERC’s budget.

As part of its annual requirements, the RSDP provides time frames and anticipated resources for each standards project under development or expected to begin within the year. The **2024 RSDP** reflects the reprioritization of some projects to address FERC Order 901, which requires the development of standards to address inverter-based resource challenges over the next three years. The Standards Committee endorsed the 2024 RSDP at its October meeting.

The Board also adopted **Project 2020-04 – Modifications to CIP-012 (CIP-012-2 – Cyber Security – Communications between Control Centers)**, which addresses the protection of real-time assessment and real-time monitoring data transmitted between control centers and ensures registered entities have plans in place for protection against the loss of availability of that data.

Updates

NERC issued its first Level III Essential Action alert — **Cold Weather Preparations for Extreme Weather Events III** — in May to target a critical risk from cold weather impacting the performance of generating plants. The alert focused on reliability preparations that generating plants must take to be ready for extreme weather events, pending implementation of the revised Cold Weather Reliability Standards (EOP-011-2, TOP-003-5, IRO-010-4).

An update to the Board showed that freezing conditions remain a reliability issue for generators, including improper heat tracing, frozen instrumentation, frozen transmitters and lack of fuel supply, among others. NERC and the Regional Entities will continue to analyze the data and reach out to registered entities as needed to support the essential actions identified in the alert.

As part of its overall efforts to address cold weather performance, NERC is currently developing revisions to Reliability Standard EOP-012, as directed by FERC. In addition, NERC recently filed improvements to both the emergency operations and transmission operations Reliability Standards (EOP-011-4 and TOP-002-5) with FERC for approval.

The Board also received presentations on the **2023 Long-Term Reliability Assessment** (LTRA) and the **2023–2024 Winter Reliability Assessment** (WRA).

- The **2023 LTRA**, scheduled to be released tomorrow, finds that demand growth is outpacing resources, and a growing number of areas will face capacity and energy risks during the next 10 years. An [LTRA video](#) provides a preview of the assessment.
- The **2023–2024 WRA**, which was released on November 8, highlights the elevated risk of insufficient energy supplies to meet demand in extreme operating conditions for much of North America this winter season. A [video](#) provides a high-level overview of the WRA findings.

Board presentations may be found [here](#). The next Board of Trustees meeting is February 14–15 in Houston.

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Electricity is a key component of the fabric of modern society and NERC, as the Electric Reliability Organization, serves to strengthen that fabric. The vision for the ERO Enterprise, which is comprised of NERC and the six Regional Entities, is a highly reliable and secure North American bulk power system. Our mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid.