

Announcement

Board Welcomes New Trustees, New Chair; Recognizes Outgoing Chair Thilly and Trustee Schori

February 4, 2021

ATLANTA – NERC’s first Board of Trustees meeting of 2021 welcomed two new Board members, reflected on 2020 achievements and focused on current supply chain efforts. The Board acted on two reliability proceedings and accepted the framework to address known and emerging reliability and security risks.

Ken DeFontes and Robert Clarke presided over the meeting as the Board’s new chair and vice chair, respectively. DeFontes takes over from Roy Thilly, who served as the Board chair from Feb. 2017–Feb. 2021 and will continue as a trustee. Outgoing Board member Jan Schori was honored with a resolution in recognition of her contributions to NERC and the industry. The Board welcomed returning trustees George Hawkins and Rob Manning as well as two new trustees: Larry Irving and Sue Kelly. Irving is president and chief executive officer (CEO) of the Irving Group, providing strategic advice and assistance to international telecommunications and information technology companies. Kelly served as president and CEO of the American Public Power Association, the national trade association representing public power utilities, from 2014 to 2019.

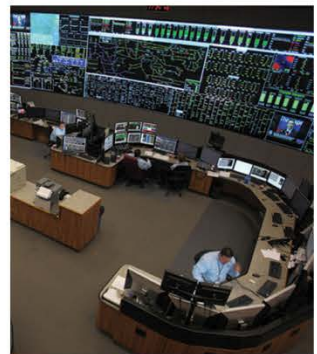
Maria Pope, president and CEO of Portland General Electric, and Richard Glick, FERC chair, provided opening remarks. Pope reviewed industry’s significant investments of capital and human resources toward mitigating the impacts of wildfires throughout the West. She described the effectiveness of mutual assistance throughout the region and unprecedented industry coordination and lauded WECC’s significant contributions toward mitigations. Pope concluded her remarks with a reminder that the ERO Enterprise should continue to be a leading voice on wildfire risk.

Glick reflected on the shared mission of FERC and NERC, highlighting the need for continued close communication. Speaking to grid reliability, Glick described cyber security as a top priority for FERC and the greatest reliability challenge going forward. He noted that the recent supply chain compromise may warrant additional evolution in FERC’s approach to cyber security. Glick concluded his remarks by stressing the importance of natural gas supply to electric reliability, calling for more robust cyber security protections for the natural gas pipeline system.

Jim Robb, NERC president and CEO, began his remarks by reflecting on the past year. “At

CONTACT:
Kimberly.Mielcarek@nerc.net

3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
404-446-2560 | www.nerc.com



last year's February Board meeting, we were just beginning to hear about COVID-19 with little understanding of the future. Now, 12 months later, the supply chain compromise has emerged as another top priority, and we continue to deal with the pandemic," Robb said. "It's been a time of change and transition, which continues with welcoming new leadership to the Member Representatives Committee and Board of Trustees. The strength of the reliability ecosystem comes from our ability to come together during times of stress. After an experience like no other year in history, I'm confident that we will continue to work collaboratively and are well equipped to meet any new challenges in 2021."

Robb discussed the Reliability Leadership Summit that took place last week. The two-day virtual event brought together industry experts and more than 400 participants to address topics related to known and emerging risks to bulk power system reliability. Topics included grid transformation, extreme natural events, security risks and critical infrastructure interdependencies. The observations from this summit will inform the Reliability Issues Steering Committee's report, expected in August, which will identify, assess and help manage reliability priorities across the ERO Enterprise.

Robb also noted the accomplishments of the ERO Enterprise found in the [2020 Annual Report](#), including pandemic activities, the Align project and supply chain efforts. "The *2020 Annual Report* reflects a tremendous amount of work, and I'm proud of how the ERO and industry rose to the challenges we were presented with in 2020. I encourage you to read through this report."

Howard Gugel, vice president of Engineering and Standards, provided an update on supply chain efforts. These efforts include the modification of the Supply Chain Standards to address Electronic Access Control and Monitoring System and Physical Access Control System (completed in 2020) and current work to address supply chain issues for low-impact Bulk Electric System (BES) Cyber Assets in CIP-003; the issuance of two level 2 alerts and a level 1 alert (2020 and 2021); and continued partnerships with the Department of Energy on vendor work and the North American Transmission Forum on certifications.

FERC directed NERC to conduct a study to assess the implementation of CIP-003-7 and to determine whether the electronic access controls provide adequate security. The Regional Entities are collecting data, which will be completed in the first quarter of 2021. Gugel said a draft report is expected in June 2021, with the report due to FERC by July 2021.

"The evaluation of the effectiveness of electronic access controls in CIP-003 for low-impact BES Cyber Assets will assist in understanding the effectiveness of other controls in this standard," Gugel said.

A supply chain pilot project is also underway, Gugel added, which seeks to understand the pervasiveness of equipment manufactured by Chinese telecommunication companies. The study, based on the joint FERC-NERC white paper, will provide a better understanding of the potential risks to the reliability and security of the grid. Other activities include evaluating standards for supply chain effectiveness and gap identification, addressing system-to-system communications and implementing virtualization.

In Board action:

- The Board voted to withdraw CIP-002-6 – Cyber Security – BES Cyber System Categorization, which was filed with FERC in June. In light of recent cyber security events and the evolving threat landscape, additional caution is warranted regarding any criteria that may permit more entities to categorize BES Cyber Systems

as low impact, and NERC recommends further study. The Board directed NERC to work with stakeholders and conduct the necessary additional studies and, recognizing the complexity of the undertaking, to expeditiously complete its analysis of the risk. NERC will report to the Board on the status of this work on a quarterly basis.

- The Board adopted FAC-008-5 – Facility Ratings, which was undertaken in response to FERC Order No. 873. In addition, they voted to retain Requirement R8 and retire Requirement R7 from FAC-008-3. The Facility Ratings standard is part of NERC’s focus on ensuring NERC Reliability Standards appropriately address risks to the bulk power system through its [Standards Efficiency Review](#).

In other business, the Board accepted the white paper, *Framework to Address Known and Emerging Reliability and Security Risks*, which was endorsed by the Reliability Issues Steering Committee and the Reliability and Security Technical Committee. The white paper identifies the policies, procedures and programs developed to support the ERO Enterprise’s mission and incorporates them into a six-step risk management framework. The white paper reviews how resilience is an important component of reliability risk management and considers the application of ERO Enterprise policies, procedures and programs within time required to apply the mitigation and the likelihood and severity.

“As we take pride in the continued reliable operation of the grid during such a difficult year, we do so with recognition that 2020 had its own challenges for reliability and security with many more still ahead,” Robb concluded. “However, through our shared commitment to a reliable, resilient and secure North American bulk power system, I am confident we will rise to any challenge.”

Board presentations are located on [NERC’s website](#). The next Board of Trustees meeting is May 13. A decision will be made by March 10 as to whether the meeting will take place virtually or in Washington, D.C., as originally scheduled.

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Electricity is a key component of the fabric of modern society and the Electric Reliability Organization Enterprise 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.