

Announcement

NERC Focuses on the Future, Enhancements to Stay Ahead of Urgent Risks

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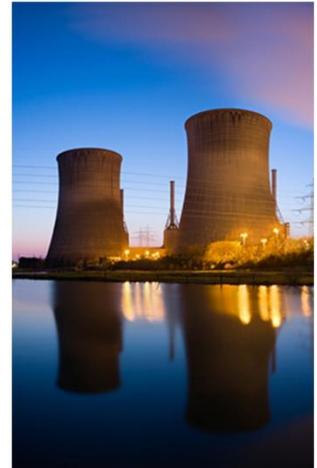
ATLANTA – NERC’s first Board of Trustees meeting of 2022 reflected the many achievements of the Electric Reliability Organization (ERO) in 2021 while stressing the importance of planning for the future. Given the complexities of the rapidly changing grid, the Board is focused on enhancing NERC’s processes to ensure timely risk mitigation.

“We accomplished our 2021 objectives, including increasing our collaboration; enhancing our Compliance Monitoring and Enforcement Program (CMEP) abilities with Align and the ERO Enterprise Secure Evidence Locker; and further transforming our relationships with the Regions and stakeholders,” said Jim Robb, NERC president and chief executive officer. “Looking forward, the rapidly changing ecosystem warrants renewed focus on emerging risks along a multi-year horizon. It requires a review of NERC processes to ensure that we stay ahead of risk.”

Robb noted that there is a new body of work that needs to be done to address the changing ecosystem, which would be added on top of the work the ERO already does on a daily basis. It will be important to ensure NERC’s core processes are more nimble, while still holding to NERC’s collaborative and deliberative roots as well as ensuring that NERC’s sustainability as an Enterprise — process maturation, resource capabilities and security — is able to meet the demand, he said.

Board Chair Ken DeFontes added: “The challenges before us call for a step change in how we fulfill our mission. This involves a new look at how NERC accomplishes its goals, especially remaining agile to address urgent reliability risks. It requires examination through a new lens — one focused on agility, adaptation and aggregated approaches. The Board has asked NERC’s executive team to develop a three-year plan to address these challenges. And we will continue to share the progress with you.”

Robb noted that NERC’s [2021 Annual Report](#), which highlights some of the ERO Enterprise’s 2021 accomplishments, was published today. “It’s really amazing to see what we’ve done over the past year. Our technical work has advanced from identifying issues to also providing solutions; we have added clarity and nuance to our reliability assessments; and the E-ISAC has enhanced collaboration with our Department of Homeland Security and Department of



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Energy partners and has enhanced sharing of threat information with our members. I encourage you to take a look at the report.”

Opening remarks also were made by Patricia Hoffman, acting assistant secretary, Office of Electricity, Department of Energy; and David Morton, CAMPUT chair and representative to NERC.

Board Action

Earlier in the day, the Member Representatives Committee re-elected NERC Board of Trustee members Jane Allen, Bob Clarke, Colleen Sidford and Ken DeFontes to new terms. The Board meeting began with the approval of Ken DeFontes as chair, George Hawkins as vice chair and the new Board committee appointments. In addition, the Board approved amendments to their committee mandates, the NERC governance guidelines and the vice chair stipend as well as a renewal of the capital financing program. The Board also approved the appointment of NERC officers, including new additions of Bryan Preston as vice president, People and Culture, and Kimberly Mielcarek, as vice president, Communications.

The Board approved revisions to the Standards Committee Charter, clarifying the role of the committee as a procedural oversight body and reiterating how existing tools can be applied to address urgent reliability needs. The Board also found that more work remains to ensure NERC’s processes are as agile as possible to focus efforts on the most urgent reliability needs on a timely basis.

To address this concern, the Board directed NERC staff to review standards development rules and recommend any changes that would improve NERC’s ability to respond to urgent reliability needs, while also maintaining the essential elements of an open and inclusive process for its stakeholders. Stakeholder feedback will be considered in developing these recommendations, which will be presented to the Board in December.

The Board also approved a modification to Reliability Standard CIP-014-3 – Physical Security. This modified version of the standard removes a unique compliance monitoring provision, which is no longer needed following the adoption of the ERO Enterprise Secure Evidence Locker and other tools for secure review of sensitive evidence. No changes were proposed to the mandatory and enforceable elements of the standard.

Also receiving approval were the 2022 work plans for the Standards Committee, the Compliance and Certification Committee and the Personnel Certification Governance Committee, which also received approval for its *System Operator Certification Manual*.

Updates

In addition, the Board received an update on activities in support of resolutions approved by the Board regarding the Critical Infrastructure Protection (CIP) Reliability Standards, including continued work on CIP-003-08, which is expected to be posted next week. Howard Gugel, NERC’s vice president of Engineering and Standards, shared that work is continuing on a white paper to identify risks and inform management of risks posed by low-impact bulk electric system (BES) Cyber Systems. The white paper is expected to be posted for comment in the second quarter of the year.

“Cyber security continues to remain a high priority for the ERO and our industry,” Gugel said. “We continue to examine our cyber standards to ensure that necessary controls are applied to critical systems to maintain the reliability of the bulk power system.”

Gugel also provided an update on the development of Reliability Standards to address the recommendations in the [FERC, NERC, Regional Entity Staff Report](#) on the February 2021 cold weather outages in Texas and the South-Central United States.

A [Standard Authorization Request](#) was posted on November 17, 2021, to initiate the standards recommendations in the report. Gugel said comments are now being reviewed. The first phase of standards development will be completed by September 30, 2022, submitted to NERC's Board in October 2022 and submitted to FERC before the 2022–2023 winter season, as directed in the November 2021 Board resolution. The second phase will be completed by September 30, 2023, submitted to NERC's Board in October 2023 and filed with FERC by the 2023–2024 winter season, also in accordance with the Board resolution.

The North American Transmission Forum (NATF) updated the Board on supply chain activities, pursuant to the Board's 2017 request that NATF develop and share best practices in supply chain management. This work has complemented the efforts of the ERO Enterprise and allowed NERC and industry to work more effectively and efficiently to address supply chain risk, Gugel said.

A year-end summary of the ERO's [2021 Work Plan Priorities](#) that focused on three key areas — winterization, energy assurance and cyber security — was shared with the Board. NERC reported that it delivered on 53 of the 57 set, tactical priorities under significant unforeseen challenges including the ongoing pandemic, Winter Storm Uri, unprecedented security threats and the changing reliability ecosystem. The Board approved the ERO's [2022 Work Plan Priorities](#) in November 2021.

An update on NERC's [Risk Registry](#) highlighted the most critical high-priority challenges currently facing industry: extreme natural events, including cold weather; security risks — both cyber and physical; inverters; and energy adequacy, for which all critical 2021 tasks were completed. The registry was created to monitor existing risks and manage the efforts of the ERO. Future versions of the Risk Registry will be used as project/resource management tool and will eventually include a risk prioritization that is reviewed with the Reliability Issues Steering Committee.

Board presentations are located on [NERC's website](#). The next Board of Trustees meeting is May 12 in Washington, D.C.

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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.