



NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

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Ballot to Approve Second Extension of Urgent Action Cyber Security Standard

June 1, 2005

Purpose

The Standards Authorization Committee (SAC) wishes to explain to stakeholders the approach and reasons for conducting a ballot for a second renewal of the urgent action cyber security standard.

Background

The urgent action cyber security standard was initially adopted effective August 13, 2003 and was extended in August 2004 for a second year. The standard is set to expire on August 13, 2005.

The permanent cyber security standards are currently posted for stakeholder comment and are expected to be balloted later in 2005. Initially the SAC thought that the permanent standards could be adopted prior to the expiration of the urgent action cyber security standard. However, reaching consensus has taken longer than expected because the new standards are more comprehensive than the existing standard and more entities would be monitored for compliance. In response to the extensive volume of stakeholder comments, the drafting team has worked diligently to revise the proposed standards and introduced a phased implementation plan.

The current Reliability Standards Process Manual allows only one extension of an urgent action standard (two year total duration). The SAC has proposed to modify the urgent action section of the manual to allow multiple extensions when reliability could be harmed by the expiration of an urgent action and there is reasonable progress on a replacement standard. This change is part of a broader set of improvements to the manual currently posted for a ballot of stakeholders to be conducted July 1-15, 2005.

Contingent Vote to Renew Urgent Action Cyber Security Standard

The SAC is planning to conduct a ballot July 1-15, 2005, to extend the urgent action cyber security standard. This ballot would be in parallel with the ballot to approve revisions to the process manual to allow multiple extensions of urgent action standards. Conducting the votes in parallel is the only way at this time to ensure continuity of the urgent action standard after August 13, 2005.

The ballot for the urgent action cyber security standard will ask stakeholders to approve a second renewal of the standard, with the adoption to be contingent on approval of the revised Reliability Standards Process Manual. If the revised manual is approved and the urgent action renewal is approved, the standard would be extended through August 13, 2006, or the effective date of the replacement standards, whichever is sooner. If either ballot fails, the urgent action cyber security standard would expire on August 13, 2005.

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Extension of Urgent Action Cyber Security Standard

Using this approach, the SAC is leaving the decision to revise the manual and to extend the urgent action cyber security standard fully in the hands of voting stakeholders.

Need for Unusual Action

The SAC acknowledges it is unusual to apply the new procedure for extending urgent action standards while the new procedure is still subject to approval and adoption. It would be highly preferred to adopt the revised manual to modify the urgent action procedure first. However, conducting the votes sequentially would make the expiration of the urgent action cyber security standard a certainty.

The SAC is concerned that having no cyber security standard would present a setback for reliability of North American bulk electric systems and take away from the improved level of security performance recorded by the compliance program over the past two years with the temporary standard in place.

The SAC is also concerned with presenting the NERC board with a dilemma of possibly needing to unilaterally extend the urgent action standard or to let it expire and ask the regions to continue monitoring compliance, even though the standard is no longer in effect.

The SAC believes that conducting the ballots and adopting the revised manual and urgent action standard renewal in parallel provides the best approach to mitigating these unusual circumstances. The SAC hopes that stakeholders will understand these unusual circumstances and express their views by voting on these two actions in July.

Conclusion

The SAC would like to assure stakeholders that it holds in highest regard the integrity of the reliability standards process and strives at all times to ensure the process remains open, inclusive, fair and balanced.

Attachment – Proposed New Urgent Action Procedure

Urgent Actions

Under certain conditions, the SAC may designate a proposed standard or revision to a standard as requiring urgent action. Urgent action may be appropriate when a delay in implementing a proposed standard or revision can materially impact reliability of the bulk electric systems. The SAC must use its judgment carefully to ensure an urgent action is truly necessary and not simply an expedient way to change or implement a standard.

A requester prepares a SAR and a draft of the proposed standard and submits it to the standards process manager. The SAR must include a justification for urgent action. The standards process manager submits the request to the SAC for its consideration. If the SAC designates the requested standard or revision as an urgent action item, then the standards process manager shall immediately seek participants for a ballot pool (as described in Step 3 of the process) and shall post the draft. This posting requires a minimum 30-day posting period before the ballot and applies the same voting procedure as described in Step 9. Any standard approved as an urgent action shall have a termination date specified that shall not exceed one year from the approval date. Should there be a need to make the standard permanent, then the standard would be required to go through the full consensus process.

Urgent actions that expire may be renewed using the urgent action process again, in the event a permanent standard is not adopted. In determining whether to authorize an urgent action standard for a renewal ballot, the SAC shall consider the impact of the standard on the reliability of the bulk electric system and whether expeditious progress is being made toward a permanent replacement standard. The SAC shall not authorize a renewal ballot if there is insufficient progress toward adopting a permanent replacement standard or if the SAC lacks confidence that a reasonable completion date is achievable. The intent is to ensure that an urgent action standard does not in effect take on a degree of permanence due to the lack of an expeditious effort to develop a permanent replacement standard. With these principles, there is no predetermined limit on the number of times an urgent action may be renewed. However, each urgent action standard renewal shall be effective only upon approval by a ballot pool and adoption by the Board. Any person or entity, including the drafting team working on a permanent replacement standard, may at any time submit a SAR proposing that an urgent action standard become a permanent standard by following the full standards process.