NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Standards Announcement
Initial Ballot Window Open
October 20-November 3, 2010

Now available at: https://standards.nerc.net/CurrentBallots.aspx

Instructions
Members of the ballot pool associated with this project may log in and submit their votes from the following page: https://standards.nerc.net/CurrentBallots.aspx

Two errors were discovered in the versions of the standards posted for comment and review on September 20, 2010 and these errors have been corrected in the clean and redline versions of the standard posted for ballot on October 20, 2010. To see the two errors, review the yellow highlighted text in the redline versions of the standards posted on October 20, 2010.

- In CIP-002-4 Requirement R3, the phrase, "approval of the risk-based methodology," was removed.
- In the applicability section of CIP-008-4, the "nuclear exclusion" was removed.

Project 2008-06 — Cyber Security 706
A set of proposed changes to CIP-002-3 - Cyber Security — Critical Cyber Asset Identification, associated implementation plans, and conforming changes to several other CIP standards have been posted for stakeholder ballot. These are considered, "Version 4 CIP Standards." The drafting team also developed and posted a mapping document to show the translation of requirements from CIP-002-3 to CIP-002-4, and a guidance document to assist in applying the proposed CIP-002-4 standard.

The proposed CIP-002-4 provides a significant improvement to CIP-002-3 by including a specific list of criteria for entities to use in identifying their critical assets.

The previously approved versions of CIP-002 relied on entities to develop their own critical asset identification methodology, and have led to unequal assessments of critical assets between entities in a region, and between regions. This subjectivity has led some external observers to question how assessments were produced, and has contributed to distrust of the entire critical asset identification process. The revised standard provides uniformity to the critical asset identification process for all entities as well as uniformity and predictability to the audit process. As envisioned, each entity will apply the criteria against its assets to determine exactly which side of the "bright line" they fall. The bright-line thresholds are justified based on overall impact to Bulk Electric System reliability, adding further clarity to the critical asset identification process. The bright-line criteria were developed based on stakeholder comments on CIP-010, which is currently under development.

Recognizing that protecting the cyber assets critical to the electric utility's infrastructure is also critical to national and international security, the revisions to CIP-002 are being advanced ahead of other improvements to the remaining set of CIP standards. The remaining CIP standards all rely on a complete and accurate identification of those assets that are critical to reliability. Because entities are so tightly interconnected, a vulnerability that seems

insignificant to a single entity can place the entire grid in a state of vulnerability.

Each of the CIP standards (CIP-003-3 through CIP-009-3) contains at least one reference to CIP-002-3. To maintain clarity, CIP-003-3 through CIP-009-3, have had conforming changes made so that all cross references within the set of standards are to "CIP Version 4" standards. *(CIP-005-4 - Cyber Security — Electronic Security Perimeter is posted separately, with a set of proposed revisions for Urgent Action under Project 2010-15. If CIP-005-4 is not approved as an Urgent Action, it will be returned to this set of CIP standards.)*

Transition from Reliability Standards Development Procedure Version 7 to Standard Processes Manual

Under the Reliability Standards Development Procedure Version 7, consensus was built with successive formal comment periods, followed by a 30-day pre-ballot review, followed by an initial ballot, and then a recirculation ballot. The intent was to use stakeholder views submitted through the formal comment periods to achieve consensus, and then to confirm that consensus during the balloting. This process did not allow a drafting team to make any changes to a standard between ballots, which incented teams to avoid making improvements once a standard had gone through an initial ballot. If a team made a change between ballots, then the standard was required to be posted for a new comment period and then another pre-ballot review and another initial ballot. Finally, if there were no more changes made to the standard, a recirculation ballot was conducted to confirm consensus.

Under the new Standard Processes Manual, consensus is achieved through parallel comment and ballot periods. Successive comment and ballot periods are conducted until there is consensus – and then a recirculation ballot is conducted to confirm that consensus. There is no 30-day pre-ballot review period, and drafting teams are encouraged to make revisions to the standard between successive ballots to improve the quality of the standard.

Next Steps

Voting results will be posted and announced after the ballot window closes.

Project Background

FERC Order 706 directed NERC to develop modifications to the CIP Reliability Standards. Due to the variety of changes directed in Order 706 and the complexity of the project, the drafting team adopted a multi-phase revision strategy. The initial phase involved modifying standards CIP-002-1 through CIP-009-1 to comply with the near-term directives included in Order 706. The resulting version 2 CIP standards were approved by the NERC Board of Trustees, and as part of its approval Order, FERC directed NERC to make changes to two standards and the associated implementation plan within 90 days. Those changes, along with necessary conforming cross-reference changes for the remaining six CIP standards, resulted in the version 3 CIP standards. The current phase (Phase II) involves the more complex FERC directives.

Further details are available on the project page:
http://www.nerc.com/filez/standards/Project_2008-06_Cyber_Security_PhaseII_Standards.html

Applicability of Standards in Project

Reliability Coordinator
Balancing Authority
Interchange Authority
Transmission Service Provider
Transmission Owner
Transmission Operator
Generator Owner
Generator Operator
Load-Serving Entity

NERC
Regional Entity

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