NERC Anti-Trust Guidelines

- It is the North American Electric Reliability Corporation (NERC’s) policy and practice to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition. This policy requires the avoidance of any conduct that violates, or that might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition.

Notice of Open Meeting

- Participants are reminded that this webinar is public. The access number was widely distributed. Speakers on the call should keep in mind that the listening audience may include members of the press and representatives of various governmental authorities, in addition to the expected participation by industry stakeholders.
Overview

• Background
• Compliance Guidance Policy
• Types of Guidance
• Prequalified Organizations
• Endorsement Process
• Lessons Learned
• Current Guidance
• Compliance Guidance Web Page
• Resources
• Key Take-Aways
• Questions and Answers
Transformation of Guidance Documents

• FERC Interpretations
• Compliance Process Bulletins
• Directives and Bulletins for Regional Entities
• Compliance Application Notices (CAN)
• Compliance Analysis Report (CAR)
• FAQs
• Implementation Guidance
• CMEP Practice Guides
• Purpose of policy
  ▪ Industry implement Reliability Standards
  ▪ ERO CMEP staff execute duties

• Compliance Guidance team
  ▪ Reviewed role, purpose, development, use, and maintenance
  ▪ Recommended use of examples

• NERC Board or Trustees approved Compliance Guidance Policy
Principles

- Cannot change scope of Reliability Standard
- May be developed concurrently with Reliability Standard
- Should not conflict
- Should be developed collaboratively
- Not only way to comply

Additional Considerations:
- Finite and limited set
- Related guidance in one location
- Consider revising standard
- Apply professional judgment
- Feedback loops
Types of Guidance

Compliance Guidance

- Implementation Guidance
- CMEP Practice Guides
Implementation Guidance

- Developed by industry, for industry
- Examples or approaches
  - One of several possible approaches
- Developed by:
  - Standard Drafting Team (SDT)
    - Vetted by industry
  - Pre-Qualified Organization
    - Endorsed by ERO Enterprise, with deference
CMEP Practice Guides

- Developed by ERO Enterprise, for ERO Enterprise
  - May be initiated through industry discussions
  - Publically posted
- ERO Enterprise CMEP staff approach
  - Fosters consistency
- May not be Reliability Standard specific
- All Guidance reviewed by NERC Vice President, Deputy General Counsel, and Director of Enforcement
Pre-Qualified Organizations

Approved by Compliance and Certification Committee (CCC)

• The organization must:
  ▪ Be actively involved in NERC operations
  ▪ Have methods to assure technical rigor
  ▪ Possess ability to vet content
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Pre-Qualified Organization Application Process

1. Applicant applies with the CCC
2. CCC Reviews Application
3. CCC notifies the applicant of approval
4. Applicant is added to Pre-Qualified Organization List
• Standard Drafting Team (SDT)
  ▪ Identifies examples
  ▪ Reviews existing guidance

• Examples vetted by industry

• Decision to submit made by
  ▪ Project Management and Oversight Subcommittee (PMOS) liaison
  ▪ NERC Standards Developer submit for ERO Enterprise endorsement

• May not submit guidance after standard is approved
  ▪ Must be submitted by Pre-Qualified Organization
Endorsement of Implementation Guidance

• Pre-Qualified Organization or SDT submit proposed guidance
  ▪ Email to ComplianceGuidance@nerc.net
  ▪ Include Implementation Guidance Submittal Form

• NERC
  ▪ Acknowledges receipt
  ▪ Posts proposed guidance
  ▪ Distributes to ERO SME

• ERO endorses or declines to endorse

• Publicly posted
  ▪ Non-Endorsed noted in spreadsheet
1. Implementation Guidance is not
   - White Paper
   - Reference Document
   - FAQ Document: Compilation of questions and responses
     - Note: One Exception – CIP v5 FAQ
2. Provide specific examples, or methods of application of the requirements
   - Diagrams
   - Sample maintenance records
   - Flowcharts
   - Templates

3. Ensure proposed guidance does not conflict or contradict approved documents
   - FERC Orders
   - Approved Implementation Plans
   - FERC Interpretations
   - NERC Glossary of Terms
4. Capitalization and Acronyms

- Ensure proposed guidance capitalizes terms defined in the NERC Glossary
  - Interchange vs interchange
  - System vs system

- Spell out, or define, acronyms during their initial use
  - Bulk Electric System Cyber Asset (BCA)
  - Automatic Voltage Regulator (AVR)
  - Electronic Access Control or Monitoring Systems (EACMS)
5. Does not add compliance obligations

- Entity must (shall, needs to) perform an assessment following a specific methodology, when the Requirement does not require use of a specific methodology
- Use softer words such as “Entity should consider....”
- Clearly state processes, procedures, and methodologies described are examples and are not prescriptive and mandatory
6. Ensure proposed guidance does not include language that attempts to describe an audit approach, or make the subject standard and requirement less restrictive

7. Ensure proposed guidance correctly references footnotes, citations, active links, illustrations, table numbers, attachments, addendums, etc.

8. Ensure proposed guidance that references external sources, such as IEEE or ISO standards, reference the latest version of the external source or the proposed guidance risks being obsolete sooner than intended
9. Ensure proposed guidance language is clear and concise, and complete
   - Use language of subject standard and requirement when possible
   - Address the entire requirement in sufficient detail
   - Avoid generalization that adds little value
10. Ensure proposed guidance does not introduce new terminology, or attempt to define or interpret a term
   - Where possible, avoid using terms that were used in previous versions of the standard, but are no longer in use in the current version of the subject standard and requirement
     - Directive vs Operating Instruction
     - Critical Cyber Asset vs BES Cyber System

11. Ensure proposed guidance does not address standards and requirements that are subject to “near” future retirement
• ERO developing a Lessons Learned Reference Sheet
  ▪ Based on Compliance Guidance Policy and Lessons Learned
• Once finalized will be available on Compliance Guidance web page
Endorsed Implementation Guidance

- CIP Version 5 FAQ
- CIP-002-5.1: BES Cyber Assets Lesson Learned
- CIP-002-5.1: Communications and Networking Cyber Assets
- CIP-002-5.1: Far-end Relay Lesson Learned
- CIP-002-5.1: Generation Interconnection Lesson Learned
- CIP-002-5.1: Generation Segmentation Lesson Learned
- CIP-002-5.1: Grouping of BES Cyber Systems Lesson Learned
- External Routable Connectivity Lesson Learned
- Mixed Trust EACMS Authentication Lesson Learned
- TPL-007-1 Transformer Thermal Impact Assessment White Paper
- Vendor Access Management Lesson Learned
- CIP-002-5.1 Standard Application Guide
- System Operating Limit Definition and Exceedance Clarification
- TPL-001-4 Standard Application Guide
- CIP-014-2 R1 Guideline (NATF)
- FAC-008-3 Standard Application Guide
Approved CMEP Practice Guides

- ERO Enterprise CMEP Practice Guide: Deference for Implementation Guidance
- CMEP Practice Guide Phased Implementation Completion Percentages
Implementation Guides **Pending Endorsement**

- PRC-005-6 Standard Application Guide
- PRC-004-5(i) Standard Application Guide
- CIP 003-6 R2 SAG V0.1
- MOD-033-1 Reference Document
- CIP-013-1-R1 Implementation Guidance
- TOP-001-3, R13 and IRO-008-2, R4 Real Time Assessment

CMEP Practice Guides

- None Pending
Implementation Guides Under Development\Consideration

- CEIWG - Voice Communications in a CIP Environment (VOIP in Control Centers)
- CEIWG - Shared Facilities (CIP)
- CEIWG - NRC Employee Access and CIP-004 Personnel Risk Assessment
- NATF - TPL-001-5
- NATF - CIP-010-2 Transient Cyber Assets
- NATF - CIP-014-2, R4 and R5
- NEI – PRC-024-2, R1, R2, and R3
- WICF - CIP-010-5 R1 Part 1.1.4 - Netstat baseline for Ports and Services
- WICF - MOD-025/MOD-026 – Manufacture curve/data is not available
Compliance & Enforcement

NERC’s compliance efforts are comprised of key activities.

**Compliance Monitoring** is the process used to assess, investigate, in order to measure compliance with NERC Reliability Standards. It is adopted, and approved through the Reliability Standards Development Process. It places into effect pursuant to FERC orders or to applicable authority and American Jurisdictions. This statutory responsibility is set forth in the Federal Power Act as well as 18 C.F.R. §39.7.

**Compliance Enforcement** is the process by which NERC issues sanctions for violations of mandatory NERC Reliability Standards. These efforts, NERC can also issue directives to immediately address further violations, irrespective of their presence or status (i.e., a violation can be sanctioned prior to its submission). The process of sanctioning a violation is determined pursuant to the Compliance Violation Guidelines and is based heavily upon the Violation Risk Factors. Levels of the standards requirements violated and the violations’ impact in violation of any standard must submit a mitigation plan for approval, once approved, must execute this plan as submitted.

**Organization Registration and Certification** includes both the Organization Registration function and the Certification function. Organization Registration registers bulk power system owners, operators, and owners of performing specified reliability functions to which requirements of Reliability Standards are applicable. The Certification function includes the monitoring and enforcement of compliance with NERC Reliability Standards. These three functions must be certified as performed by the appropriate entity owners, operators, and other registrants.
Compliance Guidance

A key factor in the success of compliance monitoring and enforcement of mandatory standards rests on a common understanding among Industry and ERO Enterprise Compliance Monitoring and Enforcement Program (CMEP) staff of how compliance can be achieved and demonstrated. For many standards, this is straightforward. For others, a variety of approaches may achieve the same objective.

In November 2015, the NERC Board of Trustees approved the Compliance Guidance Policy, located under Key Resources. Compliance Guidance under the Compliance Guidance Policy includes two types:

- **Implementation Guidance**, which provides examples for implementing a standard.
- **CMEP Practice Guides**, which provide direction to ERO Enterprise CMEP staff on approaches to carry out compliance monitoring and enforcement activities.

Implementation Guidance is developed by Industry and vetted through pre-qualified organizations. In order for an organization to become pre-qualified, a member of that organization must submit an application to the Compliance and Certification Committee. Vetted examples can then be submitted to the ERO Enterprise for endorsement, and, if endorsed, the ERO Enterprise would give the example deference during CMEP activities with consideration of facts and circumstances. Implementation Guidance would not prescribe the only approach to implementing a standard and entities may choose alternative approaches that better fit their situation. Draft Implementation Guidance will be posted below while it is being considered for ERO Enterprise endorsement. Once the Implementation Guidance is endorsed, it will be moved to the ERO Enterprise-Endorsed Implementation Guidance section. Draft Implementation Guidance that does not receive ERO Enterprise endorsement will be removed.

CMEP Practice Guides are developed solely by the ERO Enterprise to reflect the independent, objective professional judgment of ERO Enterprise CMEP staff, and, at times, may be initiated following policy discussions with industry stakeholders. Following development, they are posted for transparency on the NERC website.

For additional information, please contact complianceguidance@nerc.net.
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### ERO Enterprise-Endorsed Implementation Guidance

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### CMEP Practice Guides

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### Proposed Implementation Guidance

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• Compliance Guidance web page

• Compliance Guidance Policy

• Pre-Qualified Organization list

• Procedure to Become a Pre-qualified Organization

• Pre-Qualified Organization Application

• How to Submit Proposed Guidance

• U.S. Standards One-Stop Shop
Key Takeaways

- Implementation Guidance is one approach
  - Developed and vetted by industry

- CMEP Practices Guides
  - Are not standard-specific
  - Developed by and for ERO Enterprise

- Lessons Learned Reference Sheet under development
  - Industry to be notified when available
Questions and Answers