

Announcement

NERC Focuses on Resources, Agility to Address Emerging Risks; Previews Summer Assessment, State of Reliability

May 12, 2022

ARLINGTON, VA – Cold weather standards, emerging risks, the summer reliability outlook and a review of 2021 reliability performance were topics of focus at NERC’s quarterly Board of Trustees meeting. The meeting was changed to an all-virtual format out of an abundance of caution to safeguard the health of participants after a member of the NERC team tested positive for COVID-19 earlier in the week.

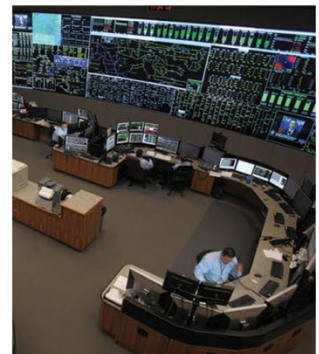
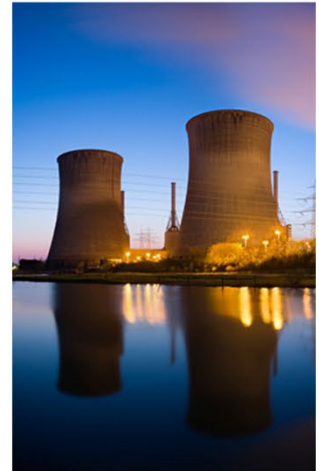
Board Chair Ken DeFontes welcomed virtual attendees, apologizing for any inconvenience caused by the change of meeting format.

“There is much value in us being together in person, but even as the pandemic enters a new phase we must be prepared to respond responsibly to unexpected circumstances,” DeFontes said. “The plan is to hold the August MRC/Board meetings in person in Vancouver, Canada, as scheduled, but we are exploring different options in how that may occur.”

DeFontes vowed to share information about the August meeting with stakeholders as soon as possible to enable them to make necessary arrangements.

Opening remarks were made by David Turk, deputy secretary, Department of Energy (DOE); Richard Glick, chair, Federal Energy Regulatory Commission (FERC); Willie Phillips, commissioner, FERC; Patricia Hoffman, acting assistant secretary, Office of Electricity, DOE; and David Morton, chair of both the British Columbia Utilities Commission and CAMPUT.

Jim Robb, NERC president and chief executive officer (CEO), welcomed everyone to the virtual meeting noting, “Emerging risks are coming at us faster and with more frequency than ever before. NERC developed a three-year plan to enhance our proactive approach to these risks, making needed investments today where we can most influence change. The places we feel we can most influence change fall across four areas of focus: energy, security, agility and sustainability. This plan is responsive to what we are hearing from industry — it leverages technology in a powerful way and continues to drive efficiency and effectiveness, while embedding risk-informed thinking into our programs and processes.”



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The 2022 Business Plan and Budget, which was discussed at the Board's Finance and Audit Committee meeting on May 11, highlights initiatives focused on an expanded Electricity Information Sharing and Analysis Center (E-ISAC), a more secure bulk power system and a more secure NERC. The budget will be posted for comment on May 25 and reviewed by the Board at the August Board meeting, which is scheduled to take place August 17–18 in Vancouver, Canada.

Mark Olson, NERC's manager of Reliability Assessments, provided findings for the *2022 Summer Reliability Assessment*. The assessment focuses on the unprecedented conditions that are challenging grid resilience — most notably, above-normal temperatures and drought conditions over the western United States and Canada and the elevated or high risk of energy shortfalls. The assessment will be released next week, Olson said. John Moura, NERC's director of Reliability Assessments and Technical Committees, previewed preliminary findings for the *2022 State of Reliability*, which is expected to be released in mid-July.

"We have consistently highlighted the complexity of the reliability problems our industry is facing with this unprecedented pace of change of our energy resources. We cannot just sit and admire the problem," Robb said. "We must continue to identify and work toward solutions to better manage this change and ensure that reliability has a seat at the table. I have spoken with industry executives who value our assessments and the light they shine on these issues — people are paying attention."

Standards Update

The Board received several updates on standards activities, including the standards development process, the Cold Weather Standards Project, the Critical Infrastructure Protection Board resolutions and supply chain effectiveness.

Given the transformation and pace of change going on in industry, standards will play a vital role in addressing new and emerging risks on the bulk power system, noted Howard Gugel, NERC's vice president of Engineering and Standards. To increase agility, NERC's Board directed staff in February to evaluate the standard development process to keep pace with this rapid change. Staff reviewed the body of rules regarding standards development, and Gugel presented preliminary recommendations:

- Streamline processes for Standard Authorization Requests.
- Reconsider the requirement for a final ballot for all standards actions.
- Clarify the circumstances under which existing and lesser-known standard process waiver authorities may be used.
- Allow NERC staff to draft interpretations for ballot body approval.

Additionally, NERC staff recommended the development of a special rule for the Board to direct standards development to address an urgent reliability, resilience or security issue. NERC plans to convene a stakeholder panel to provide feedback on these preliminary recommendations, which will inform the final recommendations presented to the Board at the December 2022 meeting.

"Mandatory Reliability Standards have and will continue to play an integral role in addressing new and rapidly emerging risks to the reliability and security of the grid," Gugel said. "The standards development process must continue to modernize through greater agility needed to keep pace with evolving risks."

Regarding the Cold Weather Standards Project, Gugel shared that initial drafts of EOP-011 and EOP-012 are undergoing quality review and are expected to be posted on May 19 for a 30-day comment period. The standards

address all four recommendations for Phase 1 of the project, and Gugel expects the standards to be completed by September 2022 and presented to the Board for consideration in October 2022 as directed by NERC's Board.

Work continues on addressing the Critical Infrastructure Protection Board resolutions with the drafting team reviewing CIP-003 comments and making changes. Additionally, the Low-Impact Criteria Review team is developing a white paper that will include the identification of risks and management strategies for low-impact cyber facilities, Gugel continued. Input is expected to be sought in the second quarter.

The Board also received an update from the Supply Chain Working Group on the November 2021 supply chain risk management (SCRM) standards effectiveness survey, which found that entities are expanding their SCRM principles to include cyber assets outside of compliance requirements, but that there are still questions regarding audits and vendors. Respondents also reported that SCRM takes significant resources and impacts other areas, including CIP resources. Most felt that the solution to the supply chain issue would require engagement with other critical industries, not just the electricity industry.

Board presentations are located on [NERC's website](#). The next Board of Trustees meeting is August 18 in Vancouver, Canada.

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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.