



## The April 2013, Attack on the Metcalf Substation Grabs Headlines

A front page report in the Wall Street Journal describing the April 16, 2013 attack on PG&E's Metcalf substation has led to a very public discussion about physical attacks on electric infrastructure. This has led to calls by Congress for investigations and new legislation to protect critical substations and other infrastructure.

The FERC Commissioners and NERC have released statements expressing their views on this incident and describing what should be done to prevent and protect against similar attacks in the future.

We will continue to follow developments on this topic.

FERC Responses:

[Acting Chair LeFleur](#)  
[Commissioner Moeller](#)  
[Commissioner Norris](#)

[NERC Response](#)

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## MARCH REPORT

As I look outside today, rain is falling which is a very welcomed sight in our part of the world. Any additions to our reservoirs and snowpack will help California's farmers, hydro operators, skiers, and those who like to shower from time to time.

Like the weather, in the NERC compliance world, March comes in like a lion as the annual self-certifications are now due. While no new Reliability Standards were approved or proposed to be approved in February, there were still plenty of developments. Grid security made national headlines following the release of details about the attack on PG&E's Metcalf substation, NERC held its quarterly board meeting, the NERC Annual Report was issued, and the CIP V5 revisions drafting team was busy with its work addressing the directives from Order 791.

## FERC News

### FERC Issues Notice of Technical Conference to Discuss Order 791 Directives

On February 27, 2014, FERC issued a **Notice of Technical Conference** to discuss the "operational and technical issues identified by the Commission" in **Order 791** which approved version 5 of the Critical Infrastructure Protection (CIP) Reliability Standards but included several

directives for NERC to address. The notice states that the panelists at the technical conference will address:

- (1) Whether additional definitions or security are needed to protect Bulk Power System communication networks, include remote access systems
- (2) The adequacy of the approved CIP version 5 standards' protections for the Bulk Power System data transmitted over data networks
- (3) The functional differences between the respective methods utilized for identification, categorization, and specification of appropriate levels of protection for cyber assets using CIP version 5 and the National Institute of Standards and Technology Security Risk Management Framework.

### FERC Issues Order Finalizing Approval of WECC's Bifurcation

FERC issued an **Order on Compliance** which finalized the bifurcation of WECC. As of February 12, 2014 WECC has been split up between the (1) Regional Entity and planning functions and (2) the Reliability Coordinator and Interchange Authority functions. This order approves the **compliance filing** NERC and WECC submitted to FERC on December 20, 2013, in response to the Commission's **December 6, 2013 Order** that directed

## Impact Summary

### Senators Seek New Protections Against Physical Attacks

Following the publication of the details of the Metcalf substation attack, a group of Democratic Senators publicly stated that they would like to see additional regulations that would require the physical protection of critical substations.

### Proposed Available Transmission System Capability Standard

MOD-001-2 consolidates several standards and eliminates commercial aspects of the standard to focus on reliability. The effect on applicable entities is that it should become easier to be compliant.

### Proposed PRC-005-3

If approved PRC-005-3 would broaden the scope of applicability of PRC-005-2 to include certain reclosing relays.

### NERC Proposes to Expand Upon Steady-State and Dynamic Modeling Requirements

NERC's proposed MOD standards will replace and expand upon MOD-010 and MOD-012 to include more entities and more modeling requirements.

WECC to perform several actions including making changes to the WECC Delegation Agreement and submit to NERC a request to waive Sec. 1205 of the NERC Rules of Procedure, which restricts sub-delegations by Regional Entities.

### FERC Order Delegates Authority to the Office of Electric Reliability

On February 11, 2014, FERC issued **Order 795** Delegation of Authority Regarding Consideration of Notice of Penalty. According to the Order, "this Final Rule delegates authority to the Director of the Office of Electric Reliability to issue order extending the period of consideration of Notices filed by [NERC]." This authority previously resided with the FERC Office of Enforcement. FERC believes "that its internal processes will be more efficient if the Office of Electric Reliability is the lead office for reviewing and processing Notices."

***Impact:** This Order should have no compliance impact on Registered Entities. The only possible effect is that Notices of Penalties may get processed at a quicker pace, which would reduce the period of uncertainty that exists in the period following settlement of a compliance violation until the final approval of the Notice of Penalty.*

### FERC Issues Notice of Workshop

FERC will be hosting a workshop on April 22, 2014 at their headquarters "to obtain input on third-party provision of reactive supply and voltage control and regulation and frequency response services. The workshop will discuss the technical, economic, and market issues but will also touch on the recently approved BAL-003-1—Frequency Response and Frequency Bias Setting Reliability Standard. More information can be found in the **Notice of Workshop**.

### The Next FERC Open Meeting Will Be Held March 20, 2014

Details can be found [here](#).

## GridSME News

### GridSME and the National Hydropower Association will Deliver a Critical Infrastructure Protection Compliance Webinar March 20, 2014

GridSME will be presenting a webinar for the National Hydropower Association (NHA) on March 20, 2014 to help prepare the hydroelectric industry for the imposition of version 5 of the CIP standards. Our presentation will:

- Deliver a short background of the CIP standards;
- Provide an overview of what will be changing in version 5;
- Identify who will likely be included in each impact category;
- Identify organizational impacts; and
- Provide strategic advice for CIP v5 compliance

If you're interested in joining the webinar, click [here](#) for more information or [here](#) to register .



## NERC News

### NERC Issues 2013 Annual Report

On February 27, 2014, NERC Issued its **2013 Annual Report**. The report provides an overview of NERC's activities for 2013. In NERC's summary of its activities, NERC highlighted its efforts on "three strategic transformations to achieve better reliability outcomes" including standards development adjustments, risk initiatives, and compliance.

## Tip of the Month

### Risk Analysis and Reduction

With all the talk about the physical attack on PG&E's substation near the Silicon Valley, now may be a good time to perform a risk analysis of your organization.

When performing a risk analysis, you must evaluate and analyze your facilities, processes, technologies, staff, and resources and determine what is the likelihood of various risks and assess the impact that each risk may have on your operations, your mission, your customers, and your neighbors.

After you perform such likelihood and impact analyses, you must then evaluate your findings and decide which risks are acceptable and which are not. This will determine your organization's risk tolerance. Clearly, not all risks can be eliminated, but some risks cannot be tolerated.

If during your risk analysis you discover risks that cannot be tolerated, a project plan must be developed to eliminate or mitigate the unacceptable risks. This may require buy-in at the highest levels to secure budgeting or assistance.

Please call us with any questions.

Main Office (916) 800-4545  
Andy Dressel (916) 800-4556

Some of the topics addressed in the report include:

- Assessments and Reports
- Cold Weather Impacts
- Events Analysis
- Human Performance
- Reliability Risk Management
- The Reliability Assurance Initiative
- Standards Development
- Collaboration with Canada
- Grid Security
- CIP Version 5 Transition
- Other Cybersecurity Initiatives

### NERC Submits MOD-001-2 Reliability Standard for Approval

On February 10, 2014, NERC submitted a **petition** to FERC seeking approval of **MOD-001-2—Available Transmission System Capability** and the retirement of MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-1a, and MOD-030-2. This standard is “designed to replace, consolidate, and improve upon the existing MOD A standards in addressing the reliability issues associated with Available Transfer Capability (ATC) and Available Flowgate Capability (AFC)... The purpose of ... MOD-001-2 is to help ensure that determinations of ATC and AFC are accomplished in a manner that supports the reliable operation of the Bulk Power System.”

**Impact:** *Transmission Operators and Transmission Service Providers will need to model and record only the data required by the new standard. The new standard reduces the Requirements contained in the old standards by eliminating market and commercial practices from the standards to focus on only the elements that affect reliability. Most likely the other data will still be needed as NERC is working with the North American Energy Standards Board (NAESB) to determine whether the eliminated requirements should be adopted by NAESB.*

### NERC Submits Petition to FERC Seek-

### ing Approval of PRC-005-3

On February 14, 2014, with love on their mind, NERC submitted a **petition** to FERC seeking approval of **PRC-005-3—Protection System Maintenance**. This standard modifies the recently approved PRC-005-2 by addressing the directive from FERC **Order 758** to include reclosing relays (one additional directive regarding sudden pressure relays is addressed in the Standard Authorization Request for PRC-005-4 and is currently posted for comment). According to NERC, the purpose of the new standard “is to document and implement programs for the maintenance of all Protection Systems and Automatic Reclosing affecting the reliability of the Bulk Electric System so that they are kept in working order.”

Along with the new standard, NERC requested the approval of one definition “Automatic Reclosing” for use only in PRC-005-3 (i.e. the term will not be added to the NERC Glossary) and revisions to five definitions that were included as part of the PRC-005-2 submission package - Unresolved Maintenance Issue, Segment, Component Type, Component, and Countable Event.

**Impact:** *Once approved, Generation Owners, Transmission Owners, and Distribution Providers that have reclosing relays that impact the reliability of the Bulk Electric System will need to include those relays in their Protection System Maintenance Program. The implementation of this standard will track the staggered Implementation Plan of PRC-005-2.*

### NERC Seeks the Approval of MOD-032-1 and MOD-033-1

NERC submitted a **petition** to FERC on February 25, 2014 seeking the approval of **MOD-032-1—Data for Power System Modeling and Analysis** and **MOD-033-1—Steady-State and Dynamic System Model Validation** and the retirement of MOD-010-0 and MOD-012-0 and the withdrawal of pending Reliability Stand-

## GridSME

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ards MOD-011-0, MOD-013-1, MOD-014-0 and MOD-015-0.1 (collectively, the “Existing MOD B Standards”).

According to NERC, these new standards “are designed to replace, consolidate, and improve upon the ‘Existing MOD B Standards’ in addressing system-level modeling data and validation requirements necessary for developing planning models and the Interconnection-wide cases that are integral to analyzing the reliability of the Bulk-Power System.” The new standards improve upon the “Existing MOD B Standards” (1) “by clearly articulating ‘who’ provides ‘what’ data to ‘whom;” (2) expanding the Requirements to include short circuit modeling; (3) “provide a mechanism to address technical concerns with the data;” and (4) requiring the validation of the modeling data against actual system responses.

**Impact:** *If approved, these standards will broaden both the types of applicable entities required to comply with these standards and expand the types of data that must be submitted. Once implemented, Generator Owners, Balancing Authorities, Load Serving Entities, Planning Coordinators, Resource Planners, Transmission Owners, Transmission Planners, and Transmission Service Providers will all be responsible for compliance with MOD-032-1. For MOD-033-1, Planning Coordinators, Reliability Coordinators, and Transmission Operators will be the applicable entities.*

**Open and Upcoming NERC Reliability Standards Ballots and Comment Periods - All Ballots Can Be Found on NERC’s [Current Ballots](#) Page. Ballot and comment periods close at 5 p.m. Pacific)**

### *CIP Version 5 Revisions Update*

The **CIP Version 5 Revisions** standards development team (Project 2014-02) is moving quickly to address the four main directives from **Order 791** that approved version 5 and submit a petition to FERC by February 3, 2015. These four direc-

tives require NERC to: (1) remove or modify the “identify, assess, and correct” language included in numerous Version 5 Requirements; (2) develop controls for Low Impact BES Cyber Systems; (3) develop requirements for transient electronic devices; and (4) create a definition of “communication networks” and develop standards to protect such networks.

To learn more about the Standard Drafting Team actions on this project including the team roster, meeting schedule, and agendas, click [here](#).

### *Other Standards Projects*

- **PRC-004-3** (Protection System Misoperation Identification and Correction), Project 2010-05.1 **Protection System (Misoperations)**  
**Actions:** *Additional Ballot and Non-Binding Poll - Open February 21, - March 3, 2014 and Comment period open through March 3, 2014.*
- **NUC-001-2.1**, (Nuclear Plant Interface Coordination) Project 2012-13, **Nuclear Plant Interface Coordination Five Year Review**  
**Action:** *The SAR is posted for Comment through March 13, 2014.*
- **PRC-005-4** (Protection System Maintenance and Testing) Project 2007-17.3 **Protection System Maintenance and Testing Phase 3 (Sudden Pressure Relays)**  
**Action:** *The SAR is posted for informal comment through March 14, 2014.*
- **Revisions to TOP/IRO Reliability Standards** for three TOP and four IRO Reliability Standards, Project 2014-03.  
**Action:** *The SAR is posted for formal comment through March 24, 2014.*
- **Periodic Review of BAL Standards** the review team is recommending revisions to **BAL-005** and **BAL-006**.  
**Action:** *A 45 day comment period is open through April 7, 2014.*

Additional information about NERC Reliability Standards development projects

## SharePoint for Utilities

Did you know that SharePoint can help you stay compliant?

There are a number of products focused on NERC Compliance. Some of them are very good at integrating system information, providing workflows, and retaining evidence. One often overlooked solution is Microsoft SharePoint. Between its native abilities for document control, organization, sharing data, and its easy adaptability and expandability, SharePoint is a formidable and affordable tool. We have just launched a “SharePoint for Utilities” practice within our company. We’ve developed customized compliance systems for clients that track, calendar, and send out workflows and tasks, and provide timely statuses and alerts. Evidence, documents, and work flow processes can all be contained on one comprehensive site that enables you to remain compliant and produce audit-ready documentation in an instant.

can be found [here](#).

### Upcoming NERC Events

- TOP/IRO revisions technical conference March 3-4, in St. Louis, MO and March 6, in Arlington, VA. .
- Spring standards and compliance workshop April 1-3 in San Diego, CA  
**[Agenda Register](#)**.

### Upcoming Enforcement Dates

#### April 1, 2014

- BAL-001-1—Real Power Balancing Control Performance (BA)
- BAL-004-WECC-2—Automatic Time Error Correction (Synchronously operated BAs in WECC)

#### July 1, 2014

- Bulk Electric System revised definition and associated Rules of Procedure
- FAC-003-3—Transmission Vegetation Management (Applicable TOs and GOs with certain lead lines)

#### October 1, 2014

- BAL-002-WECC-2—Contingency Reserve (WECC BAs and Reserve Sharing Groups)

#### January 1, 2015

- TPL-001-4—Transmission System Planning Performance Requirements (PCs and TPs)

## WECC News

**WECC Will be hosting the next “CIP Version 5 Roadshow” March 18-19 in Marina Del Rey, CA**

More information can be found [here](#).

**WECC to host Compliance User Group (CUG) and CIP User Group (CIPUG) Meeting in Salt Lake City, UT June 3-5**

The next CUG/CIPUG meetings will be held in Salt Lake City, UT. More information can be found [here](#).