

June 4, 2013

VIA OVERNIGHT MAIL

Sheri Young, Secretary of the Board
National Energy Board
444 Seventh Avenue SW
Calgary, Alberta
T2P 0X8

Re: *North American Electric Reliability Corporation*

Dear Ms. Young:

Pursuant to Section 309.2 of the North American Electric Reliability Corporation (“NERC”)’s Rules of Procedure, NERC hereby provides notice that the Federal Energy Regulatory Commission (“FERC”) has remanded interpretations of two reliability standards. On March 21, 2013, FERC remanded proposed interpretation to CIP-002-4 and proposed interpretation to CIP-006-4.

NERC submitted its proposed interpretation to CIP-002-4 on August 27, 2012. The proposed interpretation addressed two questions from Duke Energy relating to CIP-002-4 Requirement R2.¹ Duke Energy had asked whether the phrase “Examples at control centers and backup control centers” was intended to be prescriptive. NERC’s proposed interpretation in response to this question was that the examples cited in CIP-002 are illustrative and not prescriptive. In terms of Duke Energy’s second question, what “essential to the operation of the Critical Asset” means, FERC found that NERC’s interpretation that an asset that “may” be used but is not “required” for the operation of a Critical Asset is not “essential to the operation of the Critical Asset” (such as a laptop computer) misconstrues what is “essential to the operation” of a Critical Asset. While FERC agrees with the interpretation addressing the first question, because the two parts of the interpretation were balloted and approved by the NERC Board of Trustees as a single interpretation, FERC remanded the entire interpretation.

¹ The original interpretation was written for Requirement R3 of CIP-002-3. Due to differences in standard versions, in CIP-002-4, the requirement is R2. For ease of reference, NERC will refer to CIP-002-4, Requirement R2 to identify the interpretation addressed in the Remand Order.

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NERC submitted its proposed interpretation to Requirement R1.1 of CIP-006-4 on June 15, 2012. Progress Energy had requested an interpretation as to the applicability of CIP-006 Requirement R1.1 to the aspects of the wiring that comprises the Electronic Security Perimeter. NERC's proposed interpretation provided that, since wiring is not included in the definition of "Cyber Asset," Requirement R1.1 does not apply to wiring. FERC disagreed that wires is not within the scope of communication network, which is within the definition of Cyber Asset. FERC further found that an existing FERC-approved interpretation of Requirement 1.1 of CIP-006-4 applies to the wiring aspects of communications networks.

NERC filed a Request for Clarification with respect to NERC's proposed interpretation of CIP-002-4, Requirement R2 on April 22, 2013. In the filing, NERC requests that FERC clarify that the language in the Remand Order that "a laptop computer connected to an EMS network through the Internet may be used to supervise, control, optimize, and manage generation and transmission systems, all of which are essential operations," does not mean that all laptops are included in the scope of CIP-002-4, Requirement R2. In addition, NERC requests that FERC clarify that the reference in the Remand Order to the Guideline Documents developed by NERC in response to FERC Order No. 706 are merely included in the Remand Order to explain and illustrate FERC's reasoning and are not meant to form the basis of FERC's remand of the CIP-002-4, Requirement R2 interpretation.

NERC does not intend to seek rehearing of FERC's decision with respect to proposed interpretation to CIP-006-4. NERC also does not intend to modify the proposed interpretation to address FERC's concerns, given that NERC has already submitted Version 5 of the CIP Standards, and the proposed interpretation would be unnecessary following approval of Version 5. Accordingly, NERC requests withdrawal of its filing of proposed interpretation of CIP-006-4 Requirement R1.1.

Please contact the undersigned if you have any questions.

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NERC

NORTH AMERICAN ELECTRIC
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Respectfully submitted,

/s/ Holly A. Hawkins

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