



June 21, 2011

**VIA ELECTRONIC FILING**

Ms. Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, D.C. 20426

**Re: *North American Electric Reliability Corporation,*  
Docket No. RR11-\_\_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (“NERC”) hereby submits this petition in accordance with Section 215(d)(1) of the Federal Power Act (“FPA”) and Part 39.5 of the Federal Energy Regulatory Commission’s (“FERC”) regulations seeking approval for a regional Variance to CIP-001-1a — Sabotage Reporting for the ERCOT Region, as set forth in **Exhibit A** to this petition. In order to ensure consistency with NERC’s Reliability Standard Numbering Convention, this regional Variance will be added to the currently-effective CIP-001-1a Reliability Standard and will be designated as CIP-001-2a upon Commission approval.

The Texas Reliability Entity (“Texas RE”) is seeking approval of the attached regional Variance to Reliability Standard CIP-001-1a to address an existing reliability gap. The Texas RE Reliability Standards Committee determined this project necessitated the use of its Urgent Action process, pursuant to Section V of Appendix B to the Texas RE Standards Development Process, because a delay in implementing the proposed

Variance could materially impact the reliability of the bulk power system (“BPS”). Specifically, the Variance will close a critical reliability gap by ensuring that all Transmission Owner (“TO”) and Generator Owner (“GO”) personnel who work in and around BPS facilities (and related facilities) will be covered by procedures, arrangements and training for recognizing and communicating sabotage events. In some cases, TO and GO personnel are the only people who are physically present and in a position to detect vandalism, theft or damage to property associated with some of the bulk power system’s transmission and generation facilities. This proposal will ensure that all entities which have physical access and control over transmission and generation facilities in the ERCOT Region are included in the applicability of CIP-001—Sabotage Reporting.

NERC therefore requests: (1) the approval of CIP-001-2a— Sabotage Reporting, that includes the proposed regional Variance for the ERCOT Region, to be made effective the first day of the first calendar quarter following approval and (2) the retirement of CIP-001-1a upon Commission approval of CIP-001-2a. The only change being made to CIP-001-2a from CIP-001-1a is the addition of the regional Variance for the Texas RE which expands the scope of the applicability clause in the ERCOT region for the standard to include TOs and GOs.

NERC's petition consists of the following:

- This transmittal letter;
- A table of contents for the filing;
- A narrative description explaining how the regional Variance addresses a reliability need;
- CIP-001-2a (**Exhibit A**);
- CIP-001-1a Redline (**Exhibit B**)
- The complete development record of the Regional Variance (**Exhibit C**); and
- Consideration of the Comments Received (**Exhibit D**).

Please contact the undersigned if you have any questions.

Respectfully submitted,

/s/ Andrew M. Dressel

Andrew M. Dressel

*Attorney for North American Electric  
Reliability Corporation*

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**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION ) Docket No. RR11-\_\_-000  
CORPORATION )**

**PETITION OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION FOR  
APPROVAL OF RELIABILITY STANDARD CIP-001-2a—SABOTAGE  
REPORTING WITH A REGIONAL VARIANCE FOR TEXAS RELIABILITY  
ENTITY**

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June 21, 2011

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## I. INTRODUCTION

The North American Electric Reliability Corporation (“NERC”)<sup>1</sup> hereby requests the Federal Energy Regulatory Commission (“FERC” or “Commission”) to approve, in accordance with Section 215(d)(1) of the Federal Power Act (“FPA”)<sup>2</sup> and Section 39.5 of FERC’s Regulations, 18 C.F.R. § 39.5, a regional Variance to FERC-approved NERC Reliability Standard CIP-001-1a for the ERCOT region. The regional Variance will be added to the currently-effective CIP-001-1a Reliability Standard and will be designated as CIP-001-2a upon Commission approval.

The Texas Reliability Entity (“Texas RE”) proposed and developed this regional Variance to address a reliability gap within its region. No material modification to the language contained in the continent-wide CIP-001-1a is being proposed through the Variance to Reliability Standard CIP-001-2a. The NERC Board of Trustees approved the regional Variance on February 16, 2011. The only change being made to CIP-001-2a from CIP-001-1a is the addition of the regional Variance for the Texas RE which expands the scope of the applicability clause in the ERCOT region for the standard to include Transmission Owners (“TOs”) and Generation Owners (“GOs”).

NERC requests that FERC approve Reliability Standard CIP-001-2a, that includes the appended regional Variance and make it effective the first day of the first calendar quarter following approval in accordance with FERC’s procedures. **Exhibit A** to this filing sets forth CIP-001-1a with the regional Variance attached, designated as CIP-001-

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<sup>1</sup> NERC was certified by FERC as the electric reliability organization (“ERO”) authorized by Section 215 of the Federal Power Act. FERC certified NERC as the ERO in its order issued July 20, 2006 in Docket No. RR06-1-000. *Order Certifying North American Electric Reliability Corporation as the Electric Reliability Organization and Ordering Compliance Filing*, 116 FERC ¶ 61,062 (2006) (“ERO Certification Order”).

<sup>2</sup> 16 U.S.C. 824o.

2a. **Exhibit B** contains the continent-wide Commission-approved CIP-001-1a with redline changes. **Exhibit C** contains the complete development record of the proposed regional Variance to CIP-001-1a. **Exhibit D** contains the Consideration of the Comments received by NERC on this Variance.

## **II. NOTICES AND COMMUNICATIONS**

Notices and communications with respect to this filing may be addressed to the following:

Gerald W. Cauley  
President and Chief Executive Officer  
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\*Persons to be included on FERC’s service list are indicated with an asterisk. NERC requests waiver of FERC’s rules and regulations to permit the inclusion of more than two people on the service list.

## **III. BACKGROUND**

### **a. Regulatory Framework**

By enacting the Energy Policy Act of 2005,<sup>3</sup> Congress entrusted FERC with the duties of approving and enforcing rules to ensure the reliability of the Nation’s bulk power system, and with the duties of certifying an electric reliability organization (“ERO”) that would be charged with developing and enforcing mandatory reliability standards, subject to FERC approval. Section 215 of the Federal Power Act (“FPA”)

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<sup>3</sup> Energy Policy Act of 2005, Pub. L. No. 109-58, Title XII, Subtitle A, 119 Stat. 594, 941 (2005) (codified at 16 U.S.C. § 824o).

states that all users, owners, and operators of the bulk power system (“BPS”) in the United States will be subject to FERC-approved Reliability Standards.<sup>4</sup> The Texas Reliability Entity (“Texas RE”)<sup>5</sup> is an Interconnection-wide Regional Entity, as defined under the FPA, with delegated authority from the ERO to propose and enforce Reliability Standards in its region.<sup>6</sup>

**b. Basis for Approval of Proposed Regional Variance**

This Variance merely expands the applicability of the Commission-approved CIP-001-1a — Sabotage Reporting to include every Transmission Owner (“TO”) and Generator Owner (“GO”) within the Texas Interconnection. The Variance will not change any of the requirements or measures associated with CIP-001-1a.

**c. Reliability Standards Development Procedure**

The regional Variance set out in **Exhibit A** has been developed and approved by industry stakeholders using NERC’s *Standard Processes Manual* and Texas Reliability Entity’s *Standards Development Process*.<sup>7</sup> It was approved by the NERC Board of Trustees on February 16, 2011.

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<sup>4</sup> 16 U.S.C. § 824o

<sup>5</sup> Prior to July 1, 2010, the Regional Entity for the ERCOT Region was Texas Regional Entity, an independent division of ERCOT. On July 1, 2010, Texas Reliability Entity, Inc. assumed the duties as the Regional Entity for the ERCOT Region. The applicable regional standard development processes were identical before and after July 1, 2010. Both entities are referred to herein collectively as Texas RE.

<sup>6</sup> 16 U.S.C. § 824o(e)(4).

<sup>7</sup> Texas Reliability Entity, Standards Development Process, Appendix to Exhibit C to the Delegation Agreement between NERC and Texas Reliability Entity (“Texas RE Standard Development Process”). Available at:

<http://www.texasre.org/CPDL/Texas%20Reliability%20Entity%20Standards%20Development%20Process.pdf>.



#### **IV. Texas RE Regional Variance to CIP-001 Reliability Standard**

##### **a. Background**

FERC approved Reliability Standard CIP-001-1 in Order No. 693.<sup>8</sup> On April 21, 2010, NERC filed a petition for approval of an interpretation to Requirement R2 of CIP-001-1.<sup>9</sup> That interpretation was approved in a letter order issued by the Commission on February 2, 2011.<sup>10</sup>

On April 7, 2010, Texas RE initially presented a regional Variance Standard Authorization Request (“SAR”) for the NERC standard, CIP-001-1 – Sabotage Reporting to the Texas RE Reliability Standards Committee (“RSC”).<sup>11</sup> The RSC approved the SAR and the proposed Variance on May 5, 2010, and the Variance was posted for ballot and approved by the regional Registered Ballot Body. The Texas RE Board of Directors unanimously approved the regional Variance at its regular meeting on August 24, 2010. Subsequently, the NERC Board of Trustees approved the Variance at its meeting on February 16, 2011.

The scope of the Variance is limited to expanding the applicability of the continent-wide standard to GOs and TOs within the Texas Interconnection. The proposed Variance will close a critical reliability gap within the Texas Interconnection by ensuring that all TO and GO personnel who work in and around BPS facilities (and

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<sup>8</sup> *Mandatory Reliability Standards for the Bulk-Power System*, 118 FERC ¶ 61,218, (2007) (“Order No. 693”).

<sup>9</sup> *Petition of the North American Electric Reliability Corporation for Approval of Interpretation to Reliability Standard CIP-001-1 — Cyber Security — Sabotage Reporting, Requirement R2*, Docket No. RD10-11-000 (April 21, 2010).

<sup>10</sup> Letter order approving interpretation to CIP-001-1, Docket No. RR10-11-000, (February 2, 2011). Following approval of this interpretation the approved effective Reliability Standard became CIP-001-1a.

<sup>11</sup> Note that at the time the SAR was submitted, CIP-001-1 was the standard in effect. On February 2, 2011 FERC approved an interpretation to CIP-001-1, making the standard in effect CIP-001-1a.

related facilities) will be covered by procedures, arrangements, and training for recognizing and communicating sabotage events.

Physically present TO and GO personnel are well positioned to detect vandalism, theft, or damage to property associated with some of the BPS transmission and generation facilities therefore these personnel need to be trained and subject to procedures for reporting such activity. Texas RE stated that a delay in implementing the proposed Variance by pursuing the Variance through the existing standard drafting team revising CIP-001-1 as part of Project 2009-01 could materially impact the reliability of the BPS within the Texas Interconnection. Therefore, Texas RE elected to develop the Variance using the Texas RE Urgent Action process that is contained within the Texas RE Standard Development Process<sup>12</sup> to close the gap in an expeditious manner.<sup>13</sup> Development of an Interconnection-wide regional Variance using a Regional Entity's NERC and Commission approved Regional Reliability Standards development procedure is permitted by the NERC Standard Processes Manual.<sup>14</sup>

**b. Approval of the Interconnection Wide Variance**

The NERC Rules of Procedure and the FPA are silent on the formal approval steps of a regional Variance developed by an Interconnection-wide Regional Entity. However, the NERC Standard Processes Manual specifies that NERC is to rebuttably presume that an Interconnection-wide Variance proposed by a Regional Entity organized on an Interconnection-wide basis from a NERC Reliability Standard developed in

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<sup>12</sup> Texas RE Standard Development Process, Appendix B Section V.

<sup>13</sup> It should be noted that NERC is developing a continent-wide solution to address this concern in its ongoing Project 2009-01 —Disturbance and Sabotage Reporting. That project will be completed by January of 2012. More information is available on that project at: [http://www.nerc.com/filez/standards/Project2009-01\\_Disturbance\\_Sabotage\\_Reporting.html](http://www.nerc.com/filez/standards/Project2009-01_Disturbance_Sabotage_Reporting.html).

<sup>14</sup> Standard Processes Manual, *NERC Rules of Procedure Appendix 3A*, (2011). Available at: [http://www.nerc.com/files/NERC\\_Rules\\_of\\_Procedure\\_EFFECTIVE\\_20110412.pdf](http://www.nerc.com/files/NERC_Rules_of_Procedure_EFFECTIVE_20110412.pdf) (“Standard Processes Manual”).

accordance with a standards development procedure approved by NERC, is just, reasonable, and not unduly discriminatory or preferential, and in the public interest.<sup>15</sup>

**c. Justification for Approval of Regional Variance**

Texas RE has identified a reliability gap in the application of CIP-001-1a in the Texas Interconnection because the Requirements of that Standard do not presently apply to several functional entities that have physical access to and control over electrical facilities that may be subject to sabotage. Some TOs and GOs in the Texas Interconnection have executed Joint Registration Organization and Coordinated Functional Registration (“JRO/CFR”) agreements that partially address this reliability gap. The addition of all TOs and GOs to the applicability of CIP-001-1a will close the reliability gap by ensuring that all entities with physical access to and control over BPS facilities will prepare for and respond appropriately to sabotage events, without unduly burdening any party. In the absence of this proposed regional Variance, there is no requirement that all TOs and GOs must have procedures for recognizing and communicating sabotage events. There is also no requirement for providing TO and GO personnel with sabotage response guidelines.

FERC’s Order No. 672 established the criteria that a Regional Reliability Standard must satisfy: a regional difference from a continent-wide Reliability Standard must either be (1) more stringent than the continent-wide Reliability Standard (which includes a regional standard that addresses matters that the continent-wide Reliability Standard does not), or (2) a Regional Reliability Standard that is necessitated by a

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<sup>15</sup> NERC Standard Processes Manual at p. 32.

physical difference in the bulk power system.<sup>16</sup> By adding to the applicable entities required to comply with the standard, the Variance that will apply to the Texas RE region, will be stricter than the corresponding continent-wide standard. As stated above, this proposed Variance will not modify any of the requirements of the Commission-approved Reliability Standard CIP-001-1a except to add two functional entities to the Texas RE region, and the standard will be designated as CIP-001-2a upon Commission approval. Because the Commission previously approved CIP-001-1 and a subsequent interpretation, it is not necessary to include a complete Order No. 672 analysis.<sup>17</sup>

At the continent-wide level, NERC Project 2009-01, Disturbance and Sabotage Reporting, proposes revisions to CIP-001-1—Sabotage Reporting and EOP-004-1—Disturbance Reporting, including enlarging the applicability of the standard to include TOs and GOs. Texas RE is proposing this regional Variance in order to close the identified reliability gap in the Texas Interconnection on a faster timeline than can be achieved by waiting for the conclusion of the NERC Project. The regional Variance for CIP-001-1 will be withdrawn when a permanent standard becomes effective that covers this reliability gap.

**d. Summary of the Regional Variance Development Proceedings**

The CIP-001 Regional Variance SAR and the proposed Regional Variance were presented to the Texas RE RSC on April 7, 2010. The SAR was requested by Bandera Electric Cooperative, Inc. The RSC approved the SAR on May 5, 2010 and authorized Texas RE to post the regional Variance for ballot. The proposed Variance was prepared

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<sup>16</sup> Rules Concerning Certification of the Electric Reliability Organization; Procedures for the Establishment, Approval and Enforcement of Electric Reliability Standards, Order No. 672, (2006) (“Order No. 672”) at P 291.

<sup>17</sup> Order No. 672 P 321-335, 444. Order No. 672 established a number of criteria by which the Commission would evaluate proposed Reliability Standards.

for a regional ballot by Texas RE staff and posted for pre-ballot review from May 6 to June 4, 2010. A Registered Ballot Pool was formed during the same period.

The CIP-001 regional Variance was posted for ballot in the ERCOT Region from June 7 to June 21, 2010. All 20 members of the Registered Ballot Pool submitted ballots. At least one representative from seven of the eight Texas RE segments voted, satisfying quorum requirements. No vote was received from the Independent Power Marketer segment. The Regional Variance to CIP-001 was approved by the ballot pool with 6.05 affirmative segment-weighted votes out of 6.25 total votes cast. (One negative vote was cast by a member of the Cooperative segment.) On July 13, 2010, the RSC received the ballot results and forwarded the Regional Variance to the Texas RE Board of Directors. The Texas RE Board of Directors unanimously approved the Regional Standard at its regular meeting on August 24, 2010.

Texas RE submitted a request to NERC for approval of the Variance in August 2010. NERC publicly posted the Variance on the NERC website for a 45-day comment period from September 21 to November 5, 2010 but received no substantive comments to the Variance during the posting. After reviewing the request, NERC staff recommended only minor formatting adjustments that did not affect the technical content of the Variance to comport with the NERC standards template format. NERC staff then presented the proposed Variance to the NERC Standards Committee for information purposes only during the December 8, 2010 Standards Committee meeting. Subsequently, the Variance was submitted to the NERC Board of Trustees which later approved the Variance at their regularly scheduled meeting on February 16, 2011.

V. CONCLUSION

NERC respectfully requests that FERC approve Reliability Standard CIP-001-2a that includes the regional Variance for the Texas RE, as set out in **Exhibit A**, in accordance with Section 215(d)(1) of the FPA and Part 39.5 of FERC's regulations. NERC requests (1) that CIP-001-2a be made effective the first day of the first calendar quarter following approval by FERC and (2) the retirement of CIP-001-1a upon Commission approval of the proposed CIP-001-2a standard..

Respectfully submitted,

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David N. Cook  
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Holly A. Hawkins  
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**CERTIFICATE OF SERVICE**

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 21st day of June, 2011.

*/s/ Andrew M. Dressel*  
Andrew M. Dressel  
*Attorney for North American Electric  
Reliability Corporation*

## **Exhibit A**

Reliability Standard CIP-001-2a with attached Regional Variance



### A. Introduction

1. **Title:** **Sabotage Reporting**
2. **Number:** CIP-001-2a
3. **Purpose:** Disturbances or unusual occurrences, suspected or determined to be caused by sabotage, shall be reported to the appropriate systems, governmental agencies, and regulatory bodies.
4. **Applicability**
  - 4.1. Reliability Coordinators.
  - 4.2. Balancing Authorities.
  - 4.3. Transmission Operators.
  - 4.4. Generator Operators.
  - 4.5. Load Serving Entities.
  - 4.6. Transmission Owners (only in ERCOT Region).
  - 4.7. Generator Owners (only in ERCOT Region).
5. **Effective Date:** ERCOT Regional Variance will be effective the first day of the first calendar quarter after applicable regulatory approval.

### B. Requirements

- R1. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection.
- R2. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection.
- R3. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall provide its operating personnel with sabotage response guidelines, including personnel to contact, for reporting disturbances due to sabotage events.
- R4. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall establish communications contacts, as applicable, with local Federal Bureau of Investigation (FBI) or Royal Canadian Mounted Police (RCMP) officials and develop reporting procedures as appropriate to their circumstances.

### C. Measures

- M1. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have and provide upon request a procedure (either electronic or hard copy) as defined in Requirement 1
- M2. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have and provide upon request the procedures or guidelines that will be used to confirm that it meets Requirements 2 and 3.

- M3.** Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have and provide upon request evidence that could include, but is not limited to procedures, policies, a letter of understanding, communication records, or other equivalent evidence that will be used to confirm that it has established communications contacts with the applicable, local FBI or RCMP officials to communicate sabotage events (Requirement 4).

## **D. Compliance**

### **1. Compliance Monitoring Process**

#### **1.1. Compliance Monitoring Responsibility**

Regional Reliability Organizations shall be responsible for compliance monitoring.

#### **1.2. Compliance Monitoring and Reset Time Frame**

One or more of the following methods will be used to verify compliance:

- Self-certification (Conducted annually with submission according to schedule.)
- Spot Check Audits (Conducted anytime with up to 30 days notice given to prepare.)
- Periodic Audit (Conducted once every three years according to schedule.)
- Triggered Investigations (Notification of an investigation must be made within 60 days of an event or complaint of noncompliance. The entity will have up to 30 days to prepare for the investigation. An entity may request an extension of the preparation period and the extension will be considered by the Compliance Monitor on a case-by-case basis.)

The Performance-Reset Period shall be 12 months from the last finding of non-compliance.

#### **1.3. Data Retention**

Each Reliability Coordinator, Transmission Operator, Generator Operator, Distribution Provider, and Load Serving Entity shall have current, in-force documents available as evidence of compliance as specified in each of the Measures.

If an entity is found non-compliant the entity shall keep information related to the non-compliance until found compliant or for two years plus the current year, whichever is longer.

Evidence used as part of a triggered investigation shall be retained by the entity being investigated for one year from the date that the investigation is closed, as determined by the Compliance Monitor,

The Compliance Monitor shall keep the last periodic audit report and all requested and submitted subsequent compliance records.

#### **1.4. Additional Compliance Information**

None.

### **2. Levels of Non-Compliance:**

**2.1. Level 1:** There shall be a separate Level 1 non-compliance, for every one of the following requirements that is in violation:

- 2.1.1** Does not have procedures for the recognition of and for making its operating personnel aware of sabotage events (R1).

- 2.1.2 Does not have procedures or guidelines for the communication of information concerning sabotage events to appropriate parties in the Interconnection (R2).
- 2.1.3 Has not established communications contacts, as specified in R4.
- 2.2. Level 2: Not applicable.
- 2.3. Level 3: Has not provided its operating personnel with sabotage response procedures or guidelines (R3).
- 2.4. Level 4: Not applicable.

## **E. ERCOT Interconnection-wide Regional Variance**

### **Requirements**

- EA.1. Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection.
- EA.2. Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection.
- EA.3. Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall provide its operating personnel with sabotage response guidelines, including personnel to contact, for reporting disturbances due to sabotage events.
- EA.4. Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall establish communications contacts with local Federal Bureau of Investigation (FBI) officials and develop reporting procedures as appropriate to their circumstances.

### **Measures**

- MA.1. Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall have and provide upon request a procedure (either electronic or hard copy) as defined in Requirement EA1.
- MA.2. Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall have and provide upon request the procedures or guidelines that will be used to confirm that it meets Requirements EA2 and EA3.
- MA.3. Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall have and provide upon request evidence that could include, but is not limited to, procedures, policies, a letter of understanding, communication records,

or other equivalent evidence that will be used to confirm that it has established communications contacts with the local FBI officials to communicate sabotage events (Requirement EA4).

**Compliance**

**1. Compliance Monitoring Process**

**1.1. Compliance Enforcement Authority**

Regional Entity shall be responsible for compliance monitoring.

**1.2. Data Retention**

Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall have current, in-force documents available as evidence of compliance as specified in each of the Measures.

If an entity is found non-compliant the entity shall keep information related to the non-compliance until found compliant or for two years plus the current year, whichever is longer.

Evidence used as part of a triggered investigation shall be retained by the entity being investigated for one year from the date that the investigation is closed, as determined by the Compliance Monitor,

The Compliance Monitor shall keep the last periodic audit report and all requested and submitted subsequent compliance records.

**Version History**

<b>Version</b>	<b>Date</b>	<b>Action</b>	<b>Change Tracking</b>
0	April 1, 2005	Effective Date	New
0	August 8, 2005	Removed “Proposed” from Effective Date	Errata
1	November 1, 2006	Adopted by Board of Trustees	Amended
1	April 4, 2007	Regulatory Approval — Effective Date	New
1a	February 16, 2010	Added Appendix 1 — Interpretation of R2 approved by the NERC Board of Trustees	Addition
1a	February 2, 2011	Interpretation of R2 approved by FERC on February 2, 2011	Same addition
	June 10, 2010	TRE regional ballot approved variance	By Texas RE
	August 24, 2010	Regional Variance Approved by Texas RE Board of Directors	
2a	February 16, 2011	Approved by NERC Board of Trustees	

Appendix 1

<b>Requirement Number and Text of Requirement</b>
<p><b>CIP-001-1:</b></p> <p><b>R2.</b> Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection.</p>
<b>Question</b>
<p>Please clarify what is meant by the term, “appropriate parties.” Moreover, who within the Interconnection hierarchy deems parties to be appropriate?</p>
<b>Response</b>
<p>The drafting team interprets the phrase “appropriate parties in the Interconnection” to refer collectively to entities with whom the reporting party has responsibilities and/or obligations for the communication of physical or cyber security event information. For example, reporting responsibilities result from NERC standards IRO-001 Reliability Coordination — Responsibilities and Authorities, COM-002-2 Communication and Coordination, and TOP-001 Reliability Responsibilities and Authorities, among others. Obligations to report could also result from agreements, processes, or procedures with other parties, such as may be found in operating agreements and interconnection agreements.</p> <p>The drafting team asserts that those entities to which communicating sabotage events is appropriate would be identified by the reporting entity and documented within the procedure required in CIP-001-1 Requirement R2.</p> <p>Regarding “who within the Interconnection hierarchy deems parties to be appropriate,” the drafting team knows of no interconnection authority that has such a role.</p>

## **Exhibit B**

Reliability Standard CIP-001-1a with Redline Changes

## A. Introduction

1. **Title:** Sabotage Reporting
2. **Number:** CIP-001-~~1a2a~~
3. **Purpose:** Disturbances or unusual occurrences, suspected or determined to be caused by sabotage, shall be reported to the appropriate systems, governmental agencies, and regulatory bodies.
4. **Applicability**
  - 4.1. Reliability Coordinators.
  - 4.2. Balancing Authorities.
  - 4.3. Transmission Operators.
  - 4.4. Generator Operators.
  - 4.5. Load Serving Entities.
  - 4.6. Transmission Owners (only in ERCOT Region).
  - 4.7. Generator Owners (only in ERCOT Region).
- ~~5.~~ **5. Effective Date:** Immediately ERCOT Regional Variance will be effective the first day of the first calendar quarter after approval of applicable regulatory authorities approval.

## B. Requirements

- R1. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection.
- R2. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection.
- R3. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall provide its operating personnel with sabotage response guidelines, including personnel to contact, for reporting disturbances due to sabotage events.
- R4. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall establish communications contacts, as applicable, with local Federal Bureau of Investigation (FBI) or Royal Canadian Mounted Police (RCMP) officials and develop reporting procedures as appropriate to their circumstances.

## C. Measures

- M1. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have and provide upon request a procedure (either electronic or hard copy) as defined in Requirement 1
- M2. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have and provide upon request the procedures or guidelines that will be used to confirm that it meets Requirements 2 and 3.

- M3.** Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have and provide upon request evidence that could include, but is not limited to procedures, policies, a letter of understanding, communication records, or other equivalent evidence that will be used to confirm that it has established communications contacts with the applicable, local FBI or RCMP officials to communicate sabotage events (Requirement 4).

## **D. Compliance**

### **1. Compliance Monitoring Process**

#### **1.1. Compliance Monitoring Responsibility**

Regional Reliability Organizations shall be responsible for compliance monitoring.

#### **1.2. Compliance Monitoring and Reset Time Frame**

One or more of the following methods will be used to verify compliance:

- Self-certification (Conducted annually with submission according to schedule.)
- Spot Check Audits (Conducted anytime with up to 30 days notice given to prepare.)
- Periodic Audit (Conducted once every three years according to schedule.)
- Triggered Investigations (Notification of an investigation must be made within 60 days of an event or complaint of noncompliance. The entity will have up to 30 days to prepare for the investigation. An entity may request an extension of the preparation period and the extension will be considered by the Compliance Monitor on a case-by-case basis.)

The Performance-Reset Period shall be 12 months from the last finding of non-compliance.

#### **1.3. Data Retention**

Each Reliability Coordinator, Transmission Operator, Generator Operator, Distribution Provider, and Load Serving Entity shall have current, in-force documents available as evidence of compliance as specified in each of the Measures.

If an entity is found non-compliant the entity shall keep information related to the non-compliance until found compliant or for two years plus the current year, whichever is longer.

Evidence used as part of a triggered investigation shall be retained by the entity being investigated for one year from the date that the investigation is closed, as determined by the Compliance Monitor,

The Compliance Monitor shall keep the last periodic audit report and all requested and submitted subsequent compliance records.

#### **1.4. Additional Compliance Information**

None.

### **2. Levels of Non-Compliance:**

**2.1. Level 1:** There shall be a separate Level 1 non-compliance, for every one of the following requirements that is in violation:

- 2.1.1** Does not have procedures for the recognition of and for making its operating personnel aware of sabotage events (R1).



- 2.1.2 Does not have procedures or guidelines for the communication of information concerning sabotage events to appropriate parties in the Interconnection (R2).
- 2.1.3 Has not established communications contacts, as specified in R4.
- 2.2. Level 2: Not applicable.
- 2.3. Level 3: Has not provided its operating personnel with sabotage response procedures or guidelines (R3).
- 2.4. Level 4: Not applicable.

## **E. ERCOT Interconnection-wide Regional Differences Variance**

None.

### **Requirements**

- EA.1. Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection.
- EA.2. Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection.
- EA.3. Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall provide its operating personnel with sabotage response guidelines, including personnel to contact, for reporting disturbances due to sabotage events.
- EA.4. Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall establish communications contacts with local Federal Bureau of Investigation (FBI) officials and develop reporting procedures as appropriate to their circumstances.

### **Measures**

- M.A.1. Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall have and provide upon request a procedure (either electronic or hard copy) as defined in Requirement EA1.
- M.A.2. Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall have and provide upon request the procedures or guidelines that will be used to confirm that it meets Requirements EA2 and EA3.
- M.A.3. Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving

Entity shall have and provide upon request evidence that could include, but is not limited to, procedures, policies, a letter of understanding, communication records, or other equivalent evidence that will be used to confirm that it has established communications contacts with the local FBI officials to communicate sabotage events (Requirement EA4).

**Compliance**

**1. Compliance Monitoring Process**

**1.1. Compliance Enforcement Authority**

Regional Entity shall be responsible for compliance monitoring.

**1.2. Data Retention**

Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall have current, in-force documents available as evidence of compliance as specified in each of the Measures.

If an entity is found non-compliant the entity shall keep information related to the non-compliance until found compliant or for two years plus the current year, whichever is longer.

Evidence used as part of a triggered investigation shall be retained by the entity being investigated for one year from the date that the investigation is closed, as determined by the Compliance Monitor.

The Compliance Monitor shall keep the last periodic audit report and all requested and submitted subsequent compliance records.

**Version History**

Version	Date	Action	Change Tracking
0	April 1, 2005	Effective Date	New
0	August 8, 2005	Removed “Proposed” from Effective Date	Errata
1	November 1, 2006	Adopted by Board of Trustees	Amended
1	April 4, 2007	Regulatory Approval — Effective Date	New
1a	February 16, 2010	Added Appendix 1 — Interpretation of R2 approved by the NERC Board of Trustees	Addition
1a	February 2, 2011	Interpretation of R2 approved by FERC on February 2, 2011	Same addition
	<u>June 10, 2010</u>	<u>TRE regional ballot approved variance</u>	<u>By Texas RE</u>
	<u>August 24, 2010</u>	<u>Regional Variance Approved by Texas RE Board of Directors</u>	

Standard CIP-001-~~1a~~2a— Sabotage Reporting

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<u>2a</u>	<u>February 16, 2011</u>	<u>Approved by NERC Board of Trustees</u>	
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Appendix 1

Requirement Number and Text of Requirement
<p><b>CIP-001-1:</b></p> <p><b>R2.</b> Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection.</p>
Question
<p>Please clarify what is meant by the term, “appropriate parties.” Moreover, who within the Interconnection hierarchy deems parties to be appropriate?</p>
Response
<p>The drafting team interprets the phrase “appropriate parties in the Interconnection” to refer collectively to entities with whom the reporting party has responsibilities and/or obligations for the communication of physical or cyber security event information. For example, reporting responsibilities result from NERC standards IRO-001 Reliability Coordination — Responsibilities and Authorities, COM-002-2 Communication and Coordination, and TOP-001 Reliability Responsibilities and Authorities, among others. Obligations to report could also result from agreements, processes, or procedures with other parties, such as may be found in operating agreements and interconnection agreements.</p> <p>The drafting team asserts that those entities to which communicating sabotage events is appropriate would be identified by the reporting entity and documented within the procedure required in CIP-001-1 Requirement R2.</p> <p>Regarding “who within the Interconnection hierarchy deems parties to be appropriate,” the drafting team knows of no interconnection authority that has such a role.</p>

## **Exhibit C**

### Complete Record of Development

Regional Reliability Standards - Under Development				
Standard No.	Title	Date Updated	Regional Status	NERC Status
Texas Reliability Entity (TRE)				
CIP-001-2a	CIP-001-1a – Sabotage Reporting (1)	09/21/10	Standard Under Development	<p>CIP-001-1 (7)</p> <p>SAR CIP-001-1 - ERCOT Regional Variance (6)</p> <p>Info (5)</p> <p>Submit Comments &gt;&gt;</p> <p>Comment Form (Word) (4)</p> <p>Consideration of Comments (3)</p> <p>Voting Results June 2010 (2)</p>

**Issue: Ballot Pool vote to pass ERCOT Regional Variance to CIP-001**

<b>Tally Votes</b>		<b>TALLY TOTAL</b>		<b>Total Abstention</b>
		<b>Voting Structure</b>	<b>Motion Passes</b>	
<b>RSC/COPS/PRS</b>				
<b>Clear</b>	<b>Record Vote</b>	<b>Segment Vote:</b>	<b>6.050</b>	<b>0.200</b>

Date: 6/21/10

Prepared by: Sarah Hensley

Sector / Entity	Representative	Present	Yes	No	Abstain
<b>Coop</b>					
Bandera Electric Cooperative	Brian Bartos	y	0.200		
Brazos Co-op	Robert Kelly	y	0.200		
Golden Spread Co-op	Shane McMinn	y		0.200	
Lower Colorado River Authority	Tom Foreman	y	0.200		
South Texas Electric Cooperative	Richard McLeon	y	0.200		
<b>Segment Vote:</b>		<b>5</b>	<b>0.800</b>	<b>0.200</b>	<b>0</b>
<b>Municipal</b>					
City of Georgetown	Jimmy Sikes	y	1.000		
CPS Energy	Les Barrow				
<b>Segment Vote:</b>		<b>1</b>	<b>1.000</b>	<b>0.000</b>	<b>0</b>
<b>Investor Owned Utilities</b>					
American Electric Power	Thad Ness	y	0.333		
CenterPoint	John Brockhan	y	0.333		
Oncor Electric Delivery	Michael Quinn	y	0.333		
<b>Segment Vote:</b>		<b>3</b>	<b>1.000</b>	<b>0.000</b>	<b>0</b>
<b>Independent Generator</b>					
BP Alternative Energy	Pamela Zdenek	y	0.333		
International Power America (IPA)	Billy Shaw	y	0.333		
PSEG Texas	Gary Grysko	y	0.333		
<b>Segment Vote:</b>		<b>3</b>	<b>1.000</b>	<b>0.000</b>	<b>0</b>
<b>ERCOT ISO</b>					
ERCOT ISO	Steve Myers	y	0.250	FALSE	
<b>Segment Vote:</b>		<b>1</b>	<b>0.250</b>	<b>0.000</b>	<b>0</b>
<b>Consumers</b>					
	<b>Divide Subsegments?</b>	<input checked="" type="checkbox"/>	<b>Consumer Vote Total</b>		<b>1</b>
Occidental Chemical Corp	Indu	Michelle D'Antuono	y	0.500	
Office of Public Utility Counsel	Resi	Danny Bivens	y	0.500	
City of Eastland	Comm	Chris Brewster			
<b>Segment Vote:</b>		<b>2</b>	<b>1.000</b>	<b>0.000</b>	<b>0</b>
<b>Independent REP</b>					
Direct Energy	Joel Firestone	y	0.500		
New Mexico Natural Gas dba Texas Power	David Chase	y	0.500		
<b>Segment Vote:</b>		<b>2</b>	<b>1.000</b>	<b>0.000</b>	<b>0</b>
<b>Independent Power Marketers</b>					
NRG/Reliant	Rick Keetch				
<b>Segment Vote:</b>		<b>0</b>	<b>0.000</b>	<b>0.000</b>	<b>0</b>
<b>All Sectors Voting Totals</b>					
<b>Segment Vote:</b>		<b>17</b>	<b>6.050</b>	<b>0.200</b>	<b>0</b>

## **Consideration of Comments on Proposed ERCOT Variance to CIP-001-1 – Sabotage Reporting**

The Texas Reliability Entity, Inc., staff thanks all commenters who submitted comments on the proposed ERCOT Variance to CIP-001-1 – Sabotage Reporting standards. These standards were posted for a 45-day public comment period from September 21, 2010 through November 5, 2010. The stakeholders were asked to provide feedback on the standards through a special Electronic Comment Form. There were 6 sets of comments, including comments from 28 different people from approximately 22 companies representing 7 of the 10 Industry Segments as shown in the table on the following pages.

[http://www.nerc.com/filez/regional\\_standards/regional\\_reliability\\_standards\\_under\\_development.html](http://www.nerc.com/filez/regional_standards/regional_reliability_standards_under_development.html)

If you feel that your comment has been overlooked, please let us know immediately. Our goal is to give every comment serious consideration in this process! If you feel there has been an error or omission, you can contact the Vice President and Director of Standards, Herb Schrayshuen, at 609-452-8060 or at [herb.schrayshuen@nerc.net](mailto:herb.schrayshuen@nerc.net). In addition, there is a NERC Reliability Standards Appeals Process.<sup>1</sup>

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<sup>1</sup> The appeals process is in the Reliability Standards Development Procedures: <http://www.nerc.com/standards/newstandardsprocess.html>.



**Index to Questions, Comments, and Responses**

1. Was the proposed standard/variance developed in a fair and open process, using the associated Regional Reliability Standards Development Procedure?.... 5

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3. Does the proposed standard/variance pose a serious and substantial threat to public health, safety, welfare, or national security?..... 7

4. Does the proposed standard/variance pose a serious and substantial burden on competitive markets within the interconnection that is not necessary for reliability?.... 8

5. Does the proposed regional reliability standard/variance meet at least one of the following criteria? .... 9

**Consideration of Comments on Proposed ERCOT Variance to CIP-001-1 Sabotage Reporting**

The Industry Segments are:

- 1 — Transmission Owners
- 2 — RTOs, ISOs
- 3 — Load-serving Entities
- 4 — Transmission-dependent Utilities
- 5 — Electric Generators
- 6 — Electricity Brokers, Aggregators, and Marketers
- 7 — Large Electricity End Users
- 8 — Small Electricity End Users
- 9 — Federal, State, Provincial Regulatory or other Government Entities
- 10 — Regional Reliability Organizations, Regional Entities

Group/Individual		Commenter	Organization	Registered Ballot Body Segment									
				1	2	3	4	5	6	7	8	9	10
1.	Group	Guy Zito	Northeast Power Coordinating Council										X
Additional Member		Additional Organization	Region	Segment Selection									
1.	Alan Adamson	New York State Reliability Council, LLC	NPCC	10									
2.	Gregory Campoli	New York Independent System Operator	NPCC	2									
3.	Kurtis Chong	Independent Electricity System Operator	NPCC	2									
4.	Sylvain Clermont	Hydro-Quebec TransEnergie	NPCC	1									
5.	Chris de Graffenried	Consolidated Edison Co. of New York, Inc.	NPCC	1									
6.	Gerry Dunbar	Northeast Power Coordinating Council	NPCC	10									
7.	Dean Ellis	Dynegy Generation	NPCC	5									
8.	Brian Evans-Mongeon	Utility Services	NPCC	8									
9.	Peter Yost	Consolidated Edison Co. of New York, Inc.	NPCC	3									
10.	Brian L. Gooder	Ontario Power Generation Incorporated	NPCC	5									
11.	Kathleen Goodman	ISO - New England	NPCC	2									
12.	Chantel Haswell	FPL Group, Inc.	NPCC	5									
13.	David Kiguel	Hydro One Networks Inc.	NPCC	1									
14.	Michael R. Lombardi	Northeast Utilities	NPCC	1									

**Consideration of Comments on Proposed ERCOT Variance to CIP-001-1 Sabotage Reporting**

Group/Individual	Commenter	Organization	Registered Ballot Body Segment											
			1	2	3	4	5	6	7	8	9	10		
15. Randy MacDonald	New Brunswick System Operator	NPCC 2												
16. Bruce Metruck	New York Power Authority	NPCC 6												
17. Lee Pedowicz	Northeast Power Coordinating Council	NPCC 10												
18. Robert Pellegrini	The United Illuminating Company	NPCC 1												
19. Si Truc Phan	Hydro-Quebec TransEnergie	NPCC 1												
20. Saurabh Saksena	National Grid	NPCC 1												
21. Michael Schiavone	National Grid	NPCC 1												
2.	Group	Denise Koehn	Bonneville Power Administration	X		X		X	X					
<b>Additional Member</b>			<b>Additional Organization</b>	<b>Region Segment Selection</b>										
1.	Jim Burns	BPA, Transmission, Technical Operations		WECC										
3.	Individual	Joseph S. Stonecipher, PE	City of Jacksonville Beach, FL dba/Beaches Energy Services	X									X	
4.	Individual	Michael Puscas	Northeast Utilities	X		X								
5.	Individual	Thad Ness	American Electric Power	X		X		X	X					
6.	Individual	Mike Gammon	Kansas City Power & Light	X		X		X						

**Consideration of Comments on Proposed ERCOT Variance to CIP-001-1 Sabotage Reporting**

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**1. Was the proposed standard/variance developed in a fair and open process, using the associated Regional Reliability Standards Development Procedure?**

**Summary Consideration: All replies received were favorable.**

Organization	Yes or No	Question 1 Comment
Northeast Power Coordinating Council		NPCC doesn't have any comments.
Bonneville Power Administration	Yes	Don't know ... did not mean to check yes or no.
<b>Response: This is considered to be a "no comment" reply.</b>		
Northeast Utilities	Yes	
American Electric Power	Yes	
Kansas City Power & Light	Yes	

**Consideration of Comments on Proposed ERCOT Variance to CIP-001-1 Sabotage Reporting**

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**2. Does the proposed standard/variance pose an adverse impact to reliability or commerce in a neighboring region or interconnection?**

**Summary Consideration: All replies received were favorable.**

Organization	Yes or No	Question 2 Comment
Northeast Power Coordinating Council		NPCC doesn't have any comments.
Bonneville Power Administration	No	More thorough reporting requirements are not likely to cause harm.
<b>Response: Thank you for your comment.</b>		
Northeast Utilities	No	
American Electric Power	No	AEP is not aware of any situation where this proposed standard/variance would pose an adverse impact to reliability or commerce in a neighboring region or interconnection.
<b>Response: Thank you for your comment.</b>		
Kansas City Power & Light	No	

**3. Does the proposed standard/variance pose a serious and substantial threat to public health, safety, welfare, or national security?**

**Summary Consideration: All replies received were favorable.**

Organization	Yes or No	Question 3 Comment
Northeast Power Coordinating Council		NPCC doesn't have any comments.
Bonneville Power Administration	No	
Northeast Utilities	No	
American Electric Power	No	AEP is not aware of any situation where this proposed standard/variance would pose a serious and substantial threat to public health, safety, welfare, or national security.
<b>Response: Thank you for your comment.</b>		
Kansas City Power & Light	No	

**Consideration of Comments on Proposed ERCOT Variance to CIP-001-1 Sabotage Reporting**

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**4. Does the proposed standard/variance pose a serious and substantial burden on competitive markets within the interconnection that is not necessary for reliability?**

**Summary Consideration: All replies received were favorable.**

Organization	Yes or No	Question 4 Comment
Northeast Power Coordinating Council		NPCC doesn't have any comments.
Bonneville Power Administration	No	
City of Jacksonville Beach, FL dba/Beaches Energy Services	No	
Northeast Utilities	No	
American Electric Power	No	AEP is not aware of any situation where this proposed stanard/variance would pose a serious and substantial burden on competitive markets within the interconnection that is not necessary for reliability.
<b>Response: Thank you for your comment.</b>		
Kansas City Power & Light	No	

**Consideration of Comments on Proposed ERCOT Variance to CIP-001-1 Sabotage Reporting**

**5. Does the proposed regional reliability standard/variance meet at least one of the following criteria?**

- The proposed standard has more specific criteria for the same requirements covered in a continent-wide standard
- The proposed standard has requirements that are not included in the corresponding continent-wide reliability standard
- The proposed regional difference is necessitated by a physical difference in the bulk power system.

**Summary Consideration: All replies received were favorable.**

Organization	Yes or No	Question 5 Comment
Northeast Power Coordinating Council		NPCC doesn't have any comments.
Bonneville Power Administration	Yes	The proposed requirements that are not included in the continental standard are specifically limited to ERCOT only. In the WECC region, the changes are not necessary. We do not fully understand the necessity in ERCOT, but it is appropriate for ERCOT to make that determination. We do not fully understand why ERCOT would not issue region-specific rules in addition to the NERC Standard if something is missing. However, we do not believe the proposed changes will cause an adverse impact.
<p><b>Response:</b> Thank you for your comment. This regional variance will ensure that all relevant entities in the ERCOT Interconnection will comply with the CIP-001 Requirements.</p>		
Northeast Utilities	Yes	
American Electric Power	Yes	
Kansas City Power & Light	Yes	



## Unofficial Comment Form for TRE Regional Variance to CIP-001-1 – Sabotage Reporting

Please **DO NOT** use this form. Please use the [electronic form](#) located at the link below to submit comments on the TRE Regional Variance to CIP-001-1 – Sabotage Reporting. Comments must be submitted by **November 5, 2010**. If you have questions please contact **Stephanie Monzon** at [Stephanie.Monzon@nerc.net](mailto:Stephanie.Monzon@nerc.net).

[http://www.nerc.com/filez/regional\\_standards/regional\\_reliability\\_standards\\_under\\_development.html](http://www.nerc.com/filez/regional_standards/regional_reliability_standards_under_development.html)

### Background Information

The NERC Rules of Procedure Standards Process Manual (effective September 3, 2010) states:

#### Interconnection-wide Variances

Any variance from a NERC reliability standard requirement that is proposed to apply to responsible entities within a regional entity organized on an interconnection-wide basis shall be considered an

Interconnection-wide Variance and shall be developed through that regional entity's NERC-approved regional reliability standards development procedure. While an interconnection-wide variance may be developed through the associated Regional Entity standards development process, regional entities are encouraged to work collaboratively with existing continent-wide drafting team to reduce potential conflicts between the two efforts. An Interconnection-wide Variance from a NERC reliability standard that is determined by NERC to be just, reasonable, and not unduly discriminatory or preferential, and in the public interest, and consistent with other applicable standards of governmental authorities shall be made part of the associated NERC reliability standard. NERC shall rebuttably presume that an Interconnection-wide Variance from a NERC reliability standard that is developed, in accordance with a standards development procedure approved by NERC, by a regional entity organized on an interconnection-wide basis, is just, reasonable, and not unduly discriminatory or preferential, and in the public interest.

This proposed variance to NERC Standard CIP-001-1 – Sabotage Reporting was developed by urgent action, pursuant to Section V of Appendix B to the Texas RE Standards Development Process. The proposed variance will close a critical reliability gap by ensuring that all TO and GO personnel who work in and around BPS facilities (and related facilities) will be covered by procedures, arrangements and training for recognizing and communicating sabotage events. In some cases, TO and GO personnel are the only people who are physically present and in a position to detect vandalism, theft or damage to property associated with some of the bulk power system's transmission and generation facilities.

#### Urgent Action Process

If the RSC designates this requested variance for urgent action, the draft variance will be immediately posted for a 30-day pre-ballot review, and a ballot will be conducted after the review period. There will be no formal comment process. If the ballot passes, the variance will go through the normal approval process, requiring approval by the Texas RE BOD, NERC and FERC. The regional variance for CIP-001-1 will be effective for one year after the date it is approved by FERC. The urgent

standard may be renewed, based on consideration of whether progress is being made to implement a permanent replacement standard using the normal process, which may be a regional standard or a national standard. In this case, the national standard being developed in Project 2009-01, Disturbance and Sabotage Reporting, is expected to replace this urgent regional variance.

This proposed variance to NERC Standard CIP-001-1 - Sabotage Reporting, will address a reliability gap by adding TO and GO to the types of functional entities that this standard applies to. As presently written, the CIP-001-1 standard does not apply to TO and GO entities, which often construct and maintain electrical facilities that are material to the reliability of the bulk power system. This proposal will ensure that all entities who have physical access and control over transmission and generation facilities are included in the applicability of CIP-001.

Note also that the references to the Royal Canadian Mounted Police are removed from R4 and M4 in the regional variance, because the variance only applies in Texas.

Similar to the approval process for a regional reliability standard, the approval of a regional variance developed through the associated Regional Entity standards development process requires NERC to publicly notice and request comment on the proposed variance.

Comments shall be permitted only on the following criteria (technical aspects of the standard are vetted through the regional standards development process):

**Unfair or Closed Process** — The regional reliability variance was not developed in a fair and open process that provided an opportunity for all interested parties to participate. Although a NERC-approved regional reliability standards development procedure shall be presumed to be fair and open, objections could be raised regarding the implementation of the procedure.

**Adverse Reliability or Commercial Impact on Other Interconnections** — The regional reliability variance would have a significant adverse impact on reliability or commerce in other interconnections.

**Deficient Standard** — The regional reliability variance fails to provide a level of reliability of the bulk power system such that the regional reliability standard would be likely to cause a serious and substantial threat to public health, safety, welfare, or national security.

**Adverse Impact on Competitive Markets within the Interconnection** — The regional reliability variance would create a serious and substantial burden on competitive markets within the interconnection that is not necessary for reliability.

**You are not required to answer all questions. Enter all comments in simple text format.**

*Insert a "check" mark in the appropriate boxes by double-clicking the gray areas.*

**1. Was the proposed standard/variance developed in a fair and open process, using the associated Regional Reliability Standards Development Procedure?**

Yes

No

Comments:

**2. Does the proposed standard/variance pose an adverse impact to reliability or commerce in a neighboring region or interconnection?**

Yes

No

Comments:

**3. Does the proposed standard/variance pose a serious and substantial threat to public health, safety, welfare, or national security?**

Yes

No

Comments:

**4. Does the proposed standard/variance pose a serious and substantial burden on competitive markets within the interconnection that is not necessary for reliability?**

Yes

No

Comments:

**5. Does the proposed regional reliability standard/variance meet at least one of the following criteria?**

- The proposed standard has more specific criteria for the same requirements covered in a continent-wide standard
- The proposed standard has requirements that are not included in the corresponding continent-wide reliability standard
- The proposed regional difference is necessitated by a physical difference in the bulk power system.

Yes

No

Comments:



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

## Regional Reliability Standards Announcement

Comment Period Open

September 21– November 5, 2010

Now available at:

[http://www.nerc.com/filez/regional\\_standards/regional\\_reliability\\_standards\\_under\\_development.html](http://www.nerc.com/filez/regional_standards/regional_reliability_standards_under_development.html)

### Proposed ERCOT Variance to CIP-001-1 – Sabotage Reporting

TRE is proposing an ERCOT Variance to CIP-001-1 – Sabotage Reporting. NERC is posting the proposed Variance for a 45-day comment period.

### Instructions

Please use this [electronic form](#) to submit comments. If you experience any difficulties in using the electronic form, please contact Monica Benson at [monica.benson@nerc.net](mailto:monica.benson@nerc.net). An off-line, unofficial copy of the comment form is posted on the project page:

[http://www.nerc.com/filez/regional\\_standards/regional\\_reliability\\_standards\\_under\\_development.html](http://www.nerc.com/filez/regional_standards/regional_reliability_standards_under_development.html)

### Background

This proposed variance to NERC Standard CIP-001-1 - Sabotage Reporting, will address a reliability gap by adding Transmission Owners (TO) and Generation Owners (GO) to the types of functional entities that this standard applies to. As presently written, the CIP-001-1 standard does not apply to Transmission Owners and Generator Owners, which often construct and maintain electrical facilities that are material to the reliability of the bulk power system. This proposal will ensure that all entities which have physical access and control over transmission and generation facilities in the ERCOT Region are included in the applicability of CIP-001.

This proposed variance to NERC Standard CIP-001-1 – Sabotage Reporting was developed by urgent action, pursuant to Section V of Appendix B to the Texas RE Standards Development Process.

### Standards Process Manual Appendix 3A to the ERO Rules of Procedure

The [Standards Process Manual](#) outlines the process for developing a Variance.

*For more information or assistance, please contact Monica Benson,  
Standards Process Administrator, at [monica.benson@nerc.net](mailto:monica.benson@nerc.net) or at 609.452.8060*

North American Electric Reliability Corporation  
116-390 Village Blvd.  
Princeton, NJ 08540  
609.452.8060 | [www.nerc.com](http://www.nerc.com)

## Standard Authorization Request Form

*E-mail completed form to [rsm@texasre.org](mailto:rsm@texasre.org)*

Texas RE to Complete

**SAR No: 008**

Title of Proposed Standard	CIP-001-1 Sabotage Reporting – ERCOT Regional Variance
Request Date	5/5/2010

SAR Requester Information	SAR Type (Check a box for each one that applies.)
Name           Bandera Electric Cooperative, Inc.	<input type="checkbox"/> New Standard
Primary Contact   Brian Bartos	<input type="checkbox"/> Revision to existing Standard
	<input type="checkbox"/> Revision to the Standard Development Process
Telephone       830-796-6074	<input type="checkbox"/> Withdrawal of existing Standard
Fax	<input checked="" type="checkbox"/> Variance to a NERC Standard ( Indicate which one) – CIP-001-1
E-mail           b.bartos@banderaelectric.com	<input checked="" type="checkbox"/> Urgent Action

### Justification for Urgent Action

The Texas RE RSC is asked to designate this SAR-008 as requiring urgent action, pursuant to Section V of Appendix B to the Texas RE Standards Development Process, because a delay in implementing the proposed variance could materially impact the reliability of the BPS. In particular, the proposed variance will close a critical reliability gap by ensuring that all TO and GO personnel who work in and around BPS facilities (and related facilities) will be covered by procedures, arrangements and training for recognizing and communicating sabotage events. In some cases, TO and GO personnel are the only people who are physically present and in a position to detect vandalism, theft or damage to property associated with some of the bulk power system's transmission and generation facilities. The draft variance CIP-001-1 is attached for consideration by the RSC.

### Urgent Action Process

If the RSC designates this requested variance for urgent action, the draft variance will be immediately posted for a 30-day pre-ballot review, and a ballot will be conducted after the review period. There will be no formal comment process. If the ballot passes, the variance will go through the normal approval process, requiring approval by the Texas RE BOD, NERC and FERC. The regional variance for CIP-001-1 will be effective for one year after the date it is approved by FERC. The urgent standard may be renewed, based on consideration of whether progress is being made to implement a permanent replacement standard using the normal process, which may be a regional standard or a national standard. In this case, the national standard being developed in Project 2009-01, Disturbance and Sabotage Reporting, is expected to replace this urgent regional variance.

**Purpose** (Describe what the standard action will achieve in support of bulk power system reliability.)

This proposed variance to NERC Standard CIP-001-1 - Sabotage Reporting, will address a reliability gap by adding TO and GO to the types of functional entities that this standard applies to. As presently written, the CIP-001-1 standard does not apply to TO and GO entities, which often construct and maintain electrical facilities that are material to the reliability of the bulk power system. This proposal will ensure that all entities who have physical access and control over transmission and generation facilities are included in the applicability of CIP-001.

Note also that the references to the Royal Canadian Mounted Police are removed from R4 and M4 in the regional variance, because the variance only applies in Texas.

**Industry Need** (Provide a justification for the development or revision of the standard, including an assessment of the reliability and market interface impacts of implementing or not implementing the standard action.)

Texas RE has identified a reliability gap in the application of CIP-001-1 in the ERCOT region because the Requirements of that standard do not presently apply to several functional entities that have physical access to and control over electrical facilities that may be subject to sabotage. Some Transmission Owners and Generator Owners in the ERCOT region have executed JRO/CFR agreements that address some but not all of this reliability gap. The addition of all TO and GO entities to the applicability of the CIP-001-1 Requirements will close the reliability gap by ensuring that all entities with physical control over electrical facilities will prepare for and respond appropriately to sabotage events, without unduly burdening any party.

In the absence of this proposed revision, there is no requirement that all TO and GO entities, whose personnel may be the only workers likely to detect evidence of sabotage at some electrical facilities, must have procedures for recognizing and communicating sabotage events. There is also no present requirement for providing those personnel with sabotage response guidelines.

At the national level, NERC Project 2009-01, Disturbance and Sabotage Reporting, entails revisions to CIP-001-01 and EOP-004-1 (Disturbance Reporting), including enlarging the applicability of the standard to include TO and GO entities. TRE is proposing this regional variance in order to close the identified reliability gap in the ERCOT region on a faster timeline than can be achieved by waiting for the conclusion of the NERC Project. The regional variance for CIP-001-1 will be withdrawn when a permanent standard becomes effective that covers this reliability gap.

There is no market interface impact associated with the proposed revision.

**Brief Description** (Provide a paragraph that describes the scope of this standard action.)

This proposed regional variance would simply make the requirements of CIP-001-1 applicable to all TO and GO functional entities.

**Detailed Description** (Provide a description of the proposed project with sufficient details for the standard drafting team to execute the SAR.)

This proposed regional variance would simply make the requirements of CIP-001-1 applicable to all TO and GO functional entities.

**Reliability Functions**

For a more detailed description of the Reliability Functions, please refer to NERC's Reliability Functional Model.

<b>The Standard will Apply to the Following Functions (Check box for each one that applies.)</b>	
<input checked="" type="checkbox"/> Transmission Owner	<input type="checkbox"/> Transmission Service Provider
<input checked="" type="checkbox"/> Generator Owner	<input checked="" type="checkbox"/> Generator Operator
<input checked="" type="checkbox"/> Balancing Authority	<input type="checkbox"/> Interchange Authority
<input checked="" type="checkbox"/> Reliability Coordinator	<input type="checkbox"/> Purchasing-Selling Entity
<input type="checkbox"/> Resource Planner	<input checked="" type="checkbox"/> Load-Serving Entity
<input type="checkbox"/> Distribution Provider	<input type="checkbox"/> Planning Coordinator
<input type="checkbox"/> Transmission Planner	<input checked="" type="checkbox"/> Transmission Operator

**Reliability and Market Interface Principles**

<b>Applicable Reliability Principles (Check box for all that apply.)</b>	
<input type="checkbox"/>	1. Interconnected bulk power systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions as defined in the NERC Standards.
<input type="checkbox"/>	2. The frequency and voltage of interconnected bulk power systems shall be controlled within defined limits through the balancing of real and reactive power supply and demand.
<input type="checkbox"/>	3. Information necessary for the planning and operation of interconnected bulk power systems shall be made available to those entities responsible for planning and operating the systems reliably.

<input type="checkbox"/>	4. Plans for emergency operation and system restoration of interconnected bulk power systems shall be developed, coordinated, maintained and implemented.
<input type="checkbox"/>	5. Facilities for communication, monitoring and control shall be provided, used and maintained for the reliability of interconnected bulk power systems.
<input type="checkbox"/>	6. Personnel responsible for planning and operating interconnected bulk power systems shall be trained, qualified, and have the responsibility and authority to implement actions.
<input type="checkbox"/>	7. The security of the interconnected bulk power systems shall be assessed, monitored and maintained on a wide area basis.
<input checked="" type="checkbox"/>	8. Bulk power systems shall be protected from malicious physical or cyber attacks.
<b>Does the proposed Standard comply with all of the following Market Interface Principles?</b> <i>(Select 'yes' or 'no' from the drop-down box.)</i>	
1. A reliability standard shall not give any market participant an unfair competitive advantage. Yes	
2. A reliability standard shall neither mandate nor prohibit any specific market structure. Yes	
3. A reliability standard shall not preclude market solutions to achieving compliance with that standard. Yes	
4. A reliability standard shall not require the public disclosure of commercially sensitive information. All market participants shall have equal opportunity to access commercially non-sensitive information that is required for compliance with reliability standards. Yes	

***Related Standards***

<b>Standard No.</b>	<b>Explanation</b>
CIP-001-1	Standard to which this is a variance.

***Related SARs***

<b>SAR ID</b>	<b>Explanation</b>
Texas RE SAR-004	This SAR had a similar objective but was not approved by the RSC in 2008.
NERC Project 2009-01	Proposes revisions to CIP-001-1 and EOP-004-1, including expansion of applicability to TO and GO functions.



## A. Introduction

1. **Title:** **Sabotage Reporting**
2. **Number:** CIP-001-1
3. **Purpose:** Disturbances or unusual occurrences, suspected or determined to be caused by sabotage, shall be reported to the appropriate systems, governmental agencies, and regulatory bodies.
4. **Applicability**
  - 4.1. Reliability Coordinators.
  - 4.2. Balancing Authorities.
  - 4.3. Transmission Operators.
  - 4.4. Generator Operators.
  - 4.5. Load Serving Entities.
  - 4.6. Transmission Owners (only in ERCOT Region).
  - 4.7. Generator Owners (only in ERCOT Region).
5. **Effective Date:** June 4, 2007. ERCOT Regional Variance will be effective the first day of the first calendar quarter after applicable regulatory approval.

## B. Requirements

- R1. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection.
- R2. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection.
- R3. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall provide its operating personnel with sabotage response guidelines, including personnel to contact, for reporting disturbances due to sabotage events.
- R4. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall establish communications contacts, as applicable, with local Federal Bureau of Investigation (FBI) or Royal Canadian Mounted Police (RCMP) officials and develop reporting procedures as appropriate to their circumstances.

## C. Measures

- M1. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have and provide upon request a procedure (either electronic or hard copy) as defined in Requirement 1.

- M2.** Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have and provide upon request the procedures or guidelines that will be used to confirm that it meets Requirements 2 and 3.
- M3.** Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have and provide upon request evidence that could include, but is not limited to procedures, policies, a letter of understanding, communication records, or other equivalent evidence that will be used to confirm that it has established communications contacts with the applicable, local FBI or RCMP officials to communicate sabotage events (Requirement 4).

#### **D. Compliance**

##### **1. Compliance Monitoring Process**

###### **1.1. Compliance Enforcement Authority**

Regional Reliability Organizations shall be responsible for compliance monitoring.

###### **1.2. Compliance Monitoring and Reset Time Frame**

One or more of the following methods will be used to verify compliance:

- Self-certification (Conducted annually with submission according to schedule.)
- Spot Check Audits (Conducted anytime with up to 30 days notice given to prepare.)
- Periodic Audit (Conducted once every three years according to schedule.)
- Triggered Investigations (Notification of an investigation must be made within 60 days of an event or complaint of noncompliance. The entity will have up to 30 days to prepare for the investigation. An entity may request an extension of the preparation period and the extension will be considered by the Compliance Monitor on a case-by-case basis.)

The Performance-Reset Period shall be 12 months from the last finding of non-compliance.

###### **1.3. Data Retention**

Each Reliability Coordinator, Transmission Operator, Generator Operator, Distribution Provider, and Load Serving Entity shall have current, in-force documents available as evidence of compliance as specified in each of the Measures.

If an entity is found non-compliant the entity shall keep information related to the non-compliance until found compliant or for two years plus the current year, whichever is longer.

Evidence used as part of a triggered investigation shall be retained by the entity being investigated for one year from the date that the investigation is closed, as determined by the Compliance Monitor,

The Compliance Monitor shall keep the last periodic audit report and all requested and submitted subsequent compliance records.

**1.4. Additional Compliance Information**

None

**2. Levels of Non-Compliance:**

**2.1. Level 1:** There shall be a separate Level 1 non-compliance, for every one of the following requirements that is in violation:

**2.1.1** Does not have procedures for the recognition of and for making its operating personnel aware of sabotage events (R1).

**2.1.2** Does not have procedures or guidelines for the communication of information concerning sabotage events to appropriate parties in the Interconnection (R2).

**2.1.3** Has not established communications contacts, as specified in R4.

**2.2. Level 2:** Not applicable.

**2.3. Level 3:** Has not provided its operating personnel with sabotage response procedures or guidelines (R3).

**2.4. Level 4:** Not applicable.

**E. ERCOT Interconnection-wide Regional Variance**

**Requirements**

- V1.** Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection.
- V2.** Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection.
- V3.** Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall provide its operating personnel with sabotage response guidelines, including personnel to contact, for reporting disturbances due to sabotage events.
- V4.** Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall establish communications contacts with local Federal Bureau of Investigation (FBI) officials and develop reporting procedures as appropriate to their circumstances.

**Measures**

- M1.** Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall have and provide upon request a procedure (either electronic or hard copy) as defined in Requirement V1.
- M2.** Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall have and provide upon request the procedures or guidelines that will be used to confirm that it meets Requirements V2 and V3.
- M3.** Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall have and provide upon request evidence that could include, but is not limited to, procedures, policies, a letter of understanding, communication records, or other equivalent evidence that will be used to confirm that it has established communications contacts with the local FBI officials to communicate sabotage events (Requirement V4).

## **Compliance**

### **1. Compliance Monitoring Process**

#### **1.1. Compliance Enforcement Authority**

Regional Entity shall be responsible for compliance monitoring.

#### **1.2. Data Retention**

Each Reliability Coordinator, Balancing Authority, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, and Load Serving Entity shall have current, in-force documents available as evidence of compliance as specified in each of the Measures.

If an entity is found non-compliant the entity shall keep information related to the non-compliance until found compliant or for two years plus the current year, whichever is longer.

Evidence used as part of a triggered investigation shall be retained by the entity being investigated for one year from the date that the investigation is closed, as determined by the Compliance Monitor,

The Compliance Monitor shall keep the last periodic audit report and all requested and submitted subsequent compliance records.

#### **1.3. Compliance Monitoring and Assessment Processes**

One or more of the following methods will be used to verify compliance:

- Self-certification (Conducted annually with submission according to schedule)
- Spot Check Audits (Conducted anytime with up to 30 days notice given to prepare)
- Periodic Audits (Conducted once every three years according to schedule)
- Triggered Investigations (Notification of an investigation must be made within 60 days of an event or complaint of noncompliance. The entity will have up to 30 days to prepare for the investigation. An entity may request an extension of

the preparation period and the extension will be considered by the Compliance Monitor on a case-by-case basis.)

**1.4. Additional Compliance Information**

None

**2. Violation Severity Levels**

R #	Lower VSL	Moderate VSL	High VSL	Severe VSL
<b>V1</b>	N/A	N/A	The responsible entity has procedures for the recognition of sabotage events on its facilities and multi site sabotage affecting larger portions of the Interconnection but does not have a procedure for making their operating personnel aware of said events.	The responsible entity failed to have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities and multi site sabotage affecting larger portions of the Interconnection.
<b>V2</b>	N/A	N/A	The responsible entity has demonstrated the existence of a procedure to communicate information concerning sabotage events, but not all of the appropriate parties in the interconnection are identified.	The responsible entity failed to have a procedure for communicating information concerning sabotage events.
<b>V3</b>	N/A	The responsible entity provided its operating personnel with a sabotage response guideline, but failed to include the personnel to contact for reporting disturbances due to	N/A	The responsible entity failed to provide its operating personnel with a sabotage response guideline.

		sabotage events.		
<b>V4</b>	N/A	N/A	The responsible entity has established communications contacts, as applicable, with local Federal Bureau of Investigation (FBI) officials, but has not developed a reporting procedure.	The responsible entity failed to establish communications contacts, as applicable, with local Federal Bureau of Investigation (FBI) officials, and has not developed a reporting procedure.

**Version History**

<b>Version</b>	<b>Date</b>	<b>Action</b>	<b>Change Tracking</b>
0	April 1, 2005	Effective Date	New
0	August 8, 2005	Removed “Proposed” from Effective Date	Errata
1	November 1, 2006	Adopted by Board of Trustees	Amended
1	April 4, 2007	Regulatory Approval — Effective Date	New
	March 19, 2010	Added ERCOT Regional Variance.	By Texas RE
	August 24, 2010	Regional Variance Approved by Texas RE Board of Directors	

## **Exhibit D**

### Consideration of the Comments Received

## **Consideration of Comments on Proposed ERCOT Variance to CIP-001-1 – Sabotage Reporting**

The Texas Reliability Entity, Inc., staff thanks all commenters who submitted comments on the proposed ERCOT Variance to CIP-001-1 – Sabotage Reporting standards. These standards were posted for a 45-day public comment period from September 21, 2010 through November 5, 2010. The stakeholders were asked to provide feedback on the standards through a special Electronic Comment Form. There were 6 sets of comments, including comments from 28 different people from approximately 22 companies representing 7 of the 10 Industry Segments as shown in the table on the following pages.

[http://www.nerc.com/filez/regional\\_standards/regional\\_reliability\\_standards\\_under\\_development.html](http://www.nerc.com/filez/regional_standards/regional_reliability_standards_under_development.html)

If you feel that your comment has been overlooked, please let us know immediately. Our goal is to give every comment serious consideration in this process! If you feel there has been an error or omission, you can contact the Vice President and Director of Standards, Herb Schrayshuen, at 609-452-8060 or at [herb.schrayshuen@nerc.net](mailto:herb.schrayshuen@nerc.net). In addition, there is a NERC Reliability Standards Appeals Process.<sup>1</sup>

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<sup>1</sup> The appeals process is in the Reliability Standards Development Procedures: <http://www.nerc.com/standards/newstandardsprocess.html>.



**Index to Questions, Comments, and Responses**

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3. Does the proposed standard/variance pose a serious and substantial threat to public health, safety, welfare, or national security?..... 7

4. Does the proposed standard/variance pose a serious and substantial burden on competitive markets within the interconnection that is not necessary for reliability?..... 8

5. Does the proposed regional reliability standard/variance meet at least one of the following criteria? .... 9

**Consideration of Comments on Proposed ERCOT Variance to CIP-001-1 Sabotage Reporting**

The Industry Segments are:

- 1 — Transmission Owners
- 2 — RTOs, ISOs
- 3 — Load-serving Entities
- 4 — Transmission-dependent Utilities
- 5 — Electric Generators
- 6 — Electricity Brokers, Aggregators, and Marketers
- 7 — Large Electricity End Users
- 8 — Small Electricity End Users
- 9 — Federal, State, Provincial Regulatory or other Government Entities
- 10 — Regional Reliability Organizations, Regional Entities

Group/Individual		Commenter	Organization	Registered Ballot Body Segment									
				1	2	3	4	5	6	7	8	9	10
1.	Group	Guy Zito	Northeast Power Coordinating Council										X
Additional Member		Additional Organization	Region	Segment Selection									
1.	Alan Adamson	New York State Reliability Council, LLC	NPCC	10									
2.	Gregory Campoli	New York Independent System Operator	NPCC	2									
3.	Kurtis Chong	Independent Electricity System Operator	NPCC	2									
4.	Sylvain Clermont	Hydro-Quebec TransEnergie	NPCC	1									
5.	Chris de Graffenried	Consolidated Edison Co. of New York, Inc.	NPCC	1									
6.	Gerry Dunbar	Northeast Power Coordinating Council	NPCC	10									
7.	Dean Ellis	Dynegy Generation	NPCC	5									
8.	Brian Evans-Mongeon	Utility Services	NPCC	8									
9.	Peter Yost	Consolidated Edison Co. of New York, Inc.	NPCC	3									
10.	Brian L. Gooder	Ontario Power Generation Incorporated	NPCC	5									
11.	Kathleen Goodman	ISO - New England	NPCC	2									
12.	Chantel Haswell	FPL Group, Inc.	NPCC	5									
13.	David Kiguel	Hydro One Networks Inc.	NPCC	1									
14.	Michael R. Lombardi	Northeast Utilities	NPCC	1									

**Consideration of Comments on Proposed ERCOT Variance to CIP-001-1 Sabotage Reporting**

Group/Individual	Commenter	Organization	Registered Ballot Body Segment											
			1	2	3	4	5	6	7	8	9	10		
15. Randy MacDonald	New Brunswick System Operator	NPCC 2												
16. Bruce Metruck	New York Power Authority	NPCC 6												
17. Lee Pedowicz	Northeast Power Coordinating Council	NPCC 10												
18. Robert Pellegrini	The United Illuminating Company	NPCC 1												
19. Si Truc Phan	Hydro-Quebec TransEnergie	NPCC 1												
20. Saurabh Saksena	National Grid	NPCC 1												
21. Michael Schiavone	National Grid	NPCC 1												
2.	Group	Denise Koehn	Bonneville Power Administration	X		X		X	X					
<b>Additional Member</b>			<b>Additional Organization</b>	<b>Region Segment Selection</b>										
1.	Jim Burns	BPA, Transmission, Technical Operations		WECC										
3.	Individual	Joseph S. Stonecipher, PE	City of Jacksonville Beach, FL dba/Beaches Energy Services	X									X	
4.	Individual	Michael Puscas	Northeast Utilities	X		X								
5.	Individual	Thad Ness	American Electric Power	X		X		X	X					
6.	Individual	Mike Gammon	Kansas City Power & Light	X		X		X						

**Consideration of Comments on Proposed ERCOT Variance to CIP-001-1 Sabotage Reporting**

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**1. Was the proposed standard/variance developed in a fair and open process, using the associated Regional Reliability Standards Development Procedure?**

**Summary Consideration: All replies received were favorable.**

Organization	Yes or No	Question 1 Comment
Northeast Power Coordinating Council		NPCC doesn't have any comments.
Bonneville Power Administration	Yes	Don't know ... did not mean to check yes or no.
<b>Response: This is considered to be a "no comment" reply.</b>		
Northeast Utilities	Yes	
American Electric Power	Yes	
Kansas City Power & Light	Yes	

**Consideration of Comments on Proposed ERCOT Variance to CIP-001-1 Sabotage Reporting**

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**2. Does the proposed standard/variance pose an adverse impact to reliability or commerce in a neighboring region or interconnection?**

**Summary Consideration: All replies received were favorable.**

Organization	Yes or No	Question 2 Comment
Northeast Power Coordinating Council		NPCC doesn't have any comments.
Bonneville Power Administration	No	More thorough reporting requirements are not likely to cause harm.
<b>Response: Thank you for your comment.</b>		
Northeast Utilities	No	
American Electric Power	No	AEP is not aware of any situation where this proposed standard/variance would pose an adverse impact to reliability or commerce in a neighboring region or interconnection.
<b>Response: Thank you for your comment.</b>		
Kansas City Power & Light	No	

**3. Does the proposed standard/variance pose a serious and substantial threat to public health, safety, welfare, or national security?**

**Summary Consideration: All replies received were favorable.**

Organization	Yes or No	Question 3 Comment
Northeast Power Coordinating Council		NPCC doesn't have any comments.
Bonneville Power Administration	No	
Northeast Utilities	No	
American Electric Power	No	AEP is not aware of any situation where this proposed standard/variance would pose a serious and substantial threat to public health, safety, welfare, or national security.
<b>Response: Thank you for your comment.</b>		
Kansas City Power & Light	No	

**Consideration of Comments on Proposed ERCOT Variance to CIP-001-1 Sabotage Reporting**

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**4. Does the proposed standard/variance pose a serious and substantial burden on competitive markets within the interconnection that is not necessary for reliability?**

**Summary Consideration: All replies received were favorable.**

Organization	Yes or No	Question 4 Comment
Northeast Power Coordinating Council		NPCC doesn't have any comments.
Bonneville Power Administration	No	
City of Jacksonville Beach, FL dba/Beaches Energy Services	No	
Northeast Utilities	No	
American Electric Power	No	AEP is not aware of any situation where this proposed stanard/variance would pose a serious and substantial burden on competitive markets within the interconnection that is not necessary for reliability.
<b>Response: Thank you for your comment.</b>		
Kansas City Power & Light	No	

**Consideration of Comments on Proposed ERCOT Variance to CIP-001-1 Sabotage Reporting**

---

**5. Does the proposed regional reliability standard/variance meet at least one of the following criteria?**

- The proposed standard has more specific criteria for the same requirements covered in a continent-wide standard
- The proposed standard has requirements that are not included in the corresponding continent-wide reliability standard
- The proposed regional difference is necessitated by a physical difference in the bulk power system.

**Summary Consideration: All replies received were favorable.**

Organization	Yes or No	Question 5 Comment
Northeast Power Coordinating Council		NPCC doesn't have any comments.
Bonneville Power Administration	Yes	The proposed requirements that are not included in the continental standard are specifically limited to ERCOT only. In the WECC region, the changes are not necessary. We do not fully understand the necessity in ERCOT, but it is appropriate for ERCOT to make that determination. We do not fully understand why ERCOT would not issue region-specific rules in addition to the NERC Standard if something is missing. However, we do not believe the proposed changes will cause an adverse impact.
<b>Response:</b> Thank you for your comment. This regional variance will ensure that all relevant entities in the ERCOT Interconnection will comply with the CIP-001 Requirements.		
Northeast Utilities	Yes	
American Electric Power	Yes	
Kansas City Power & Light	Yes	