

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

**NORTH AMERICAN ELECTRIC            )       Docket No. RM11-11-000**  
**RELIABILITY CORPORATION         )**

**QUARTERLY REPORT OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION  
ON STATUS OF DEVELOPMENT OF VERSION 5  
CRITICAL INFRASTRUCTURE PROTECTION RELIABILITY STANDARDS**

On February 10, 2011, the North American Electric Reliability Corporation (“NERC”) filed a petition seeking Federal Energy Regulatory Commission (“FERC” or the “Commission”) approval of the “Version 4” Critical Infrastructure Protection (“CIP”) Reliability Standards, CIP-002-4 through CIP-009-4. The Version 4 CIP Reliability Standards provide a cybersecurity framework for the identification and protection of “Critical Cyber Assets” that are associated with “Critical Assets” to support the reliable operation of the Bulk-Power System.

On April 19, 2012, the Commission issued an order approving the Version 4 CIP Reliability Standards<sup>1</sup> and imposing a March 31, 2013, deadline by which time NERC must file CIP Reliability Standards that are fully compliant with Order No. 706.<sup>2</sup> The Commission also required the submission of reports at the “beginning of each quarter” explaining whether NERC is “on track to meet the deadline and describe the status of its CIP standard development efforts.”<sup>3</sup> The instant filing is submitted in compliance with this directive.<sup>4</sup>

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<sup>1</sup> *Version 4 Critical Infrastructure Protection Reliability Standards*, Order No. 761, 139 FERC ¶ 61,058 (2012).

<sup>2</sup> *Mandatory Reliability Standards for Critical Infrastructure Protection*, Order No. 706, 122 FERC ¶ 61,040, *denying reh’g and granting clarification*, Order No. 706-A, 123 FERC ¶ 61,174 (2008), *order on clarification*, Order No. 706-B, 126 FERC ¶ 61,229 (2009), *order denying clarification*, Order No. 706-C, 127 FERC ¶ 61,273 (2009).

<sup>3</sup> Order No. 761 at P 4.

## **I. Notices and Communication**

Notices and communications with respect to this filing may be addressed to the following:<sup>5</sup>

Gerald W. Cauley  
President and Chief Executive Officer  
3353 Peachtree Road NE  
Suite 600, North Tower  
Atlanta, GA 30326-1001

Charles Berardesco\*  
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## **II. Attachments**

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|---------------------|--|
| <b>Attachment A</b> | Successive Ballot Results  |
| <b>Attachment B</b> | Project 2008-06 – Cyber Security Order 706 – V5 Standard Drafting Team Meeting Agendas and Notes |
| <b>Attachment C</b> | Project 2008-06 – Cyber Security Order 706 – V5 Project Schedule                                 |

## **III. Status of CIP Version 5 Standard Development Efforts**

In the third quarter of 2012 (*i.e.*, July 1 to September 30, 2012), there was a posting for a parallel formal comment and successive ballot period, two drafting team meetings, and several conference calls as described in further detail below.

A parallel formal comment and 12 successive ballot windows for the “Version 5” CIP standards (CIP-002-5 Cyber Security –BES Cyber System Identification; CIP-003-5 Cyber

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<sup>4</sup> In response to the first quarterly report submitted on July 2, 2012, the Commission granted NERC’s request to file such reports 30-days after the end of each calendar quarter. *See Notice of Extension of Time*, Docket No. RM11-11-000 (July 24, 2012).

<sup>5</sup> Persons to be included on FERC’s service list are indicated with an asterisk. NERC requests waiver of 18 C.F.R. § 385.203(b) to permit the inclusion of more than two people on the service list.

Security – Security Management Controls; CIP-004-5 Cyber Security – Personnel and Training; CIP-005-5 Cyber Security – Electronic Security Perimeter(s); CIP-006-5 Cyber Security – Physical Security; CIP-007-5 Cyber Security – Systems Security Management; CIP-008-5 Cyber Security – Incident Reporting and Response Planning; CIP-009-5 Cyber Security – Recovery Plans for BES Cyber Assets and Systems; CIP-010-1 Cyber Security – Configuration Change Management; CIP-011-1 Cyber Security – Information Protection), one ballot for the associated implementation plan, and one ballot for a set of new and revised NERC Glossary definitions, began on September 11, 2012, and ended October 10, 2012. All 12 successive ballots achieved at least two-thirds approval. *See Attachment A.*

The Project 2008-06 – Cyber Security Order 706 – V5 standard drafting team met from July 10-12, 2012, and from August 14-16, 2012. Specific information regarding the issues discussed at this meeting is included herein at **Attachment B** and is posted on the NERC website.<sup>6</sup> In addition, conference calls were held by the drafting team on July 2, 2012, July 19, 2012, July 27, 2012, August 2, 2012, August 6, 2012, September 5, 2012, and September 6, 2012. The drafting team also conducted informational industry webinars on September 11, 2012, (“Industry Webinar (1 of 2) for Version 5 CIP Standards: A Focus on “Correcting Deficiencies”), and September 21, 2012, (“Industry Webinar (2 of 2) for Version 5 CIP Standards: Successive Ballot Update”).<sup>7</sup> A drafting team teleconference was held on October 12, 2012, and a drafting team meeting is scheduled for October 23-25, 2012, in Sacramento, CA.

With respect to whether the Version 5 standard drafting team is on schedule to meet the March 31, 2013, deadline, a project schedule is maintained on the NERC website and is publicly

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<sup>6</sup> [http://www.nerc.com/filez/standards/Project\\_2008-06\\_Cyber\\_Security-RF.html](http://www.nerc.com/filez/standards/Project_2008-06_Cyber_Security-RF.html).

<sup>7</sup> <http://www.nerc.com/page.php?cid=1183>.

available.<sup>8</sup> See **Attachment C**. The current schedule projects that NERC will meet the Commission's March 31, 2013, deadline.

#### IV. Conclusion

NERC respectfully requests that the Commission (i) accept this Compliance Filing in accordance with the Commission's directive in Order No. 761, and (ii) find that the proposal to submit future quarterly reports based on the Commission's electric quarterly report schedule is reasonable and satisfies the directive in Order No. 761.

Respectfully submitted,

/s/ Willie L. Phillips

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Dated: October 31, 2012

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<sup>8</sup> See [http://www.nerc.com/docs/standards/dt/Project\\_2008-06\\_Cyber\\_Security\\_Order\\_706\\_Gantt\\_Chart1\\_062712.pdf](http://www.nerc.com/docs/standards/dt/Project_2008-06_Cyber_Security_Order_706_Gantt_Chart1_062712.pdf).

**Attachment A**

Successive Ballot Results

## Standards Announcement

### Project 2008-06 Cyber Security Order 706 (CIP Version 5)

#### Successive Ballot Results

#### [Now Available](#)

Twelve successive ballot windows for the following ten CIP standards, one ballot for the associated implementation plan, and one ballot for a set of new and revised NERC Glossary definitions, closed on Wednesday, October 10, 2012. The drafting team thanks stakeholders for the careful consideration of such a large volume of documents, and for the substantive and constructive feedback received.

Voting statistics for each ballot are listed below, and the [Ballot Results](#) webpage provides a link to the detailed results.

Ballot	Results
CIP-002-5 Cyber Security — BES Cyber System Identification	Quorum: 80.58% Approval: 74.85%
CIP-003-5 Cyber Security — Security Management Controls	Quorum: 80.37% Approval: 89.50%
CIP-004-5 Cyber Security — Personnel and Training	Quorum: 80.58% Approval: 85.58%
CIP-005-5 Cyber Security — Electronic Security Perimeter(s)	Quorum: 80.58% Approval: 89.46%
CIP-006-5 Cyber Security — Physical Security	Quorum: 80.58% Approval: 92.11%
CIP-007-5 Cyber Security — Systems Security Management	Quorum: 80.58% Approval: 87.73%
CIP-008-5 Cyber Security — Incident Reporting and Response Planning	Quorum: 80.58% Approval: 91.74%
CIP-009-5 Cyber Security — Recovery Plans for BES Cyber Assets and Systems	Quorum: 80.58% Approval: 91.73%
CIP-010-1 Cyber Security — Configuration Change Management	Quorum: 80.58% Approval: 84.60%
CIP-011-1 Cyber Security — Information Protection	Quorum: 80.58% Approval: 92.90%
CIP V5 Implementation Plan	Quorum: 78.93% Approval: 94.00%
CIP V5 Definitions	Quorum: 79.13% Approval: 91.59%

### Next Steps

The drafting team will consider all comments submitted, and based on the comments will determine whether to make additional changes. If the drafting team determines that no substantive changes are required to address the comments, recirculation ballots will be conducted.

### Background

In 2008, [FERC Order No. 706](#) directed the ERO to develop modifications to Version 1 of the NERC CIP Cyber Security Standards to address a range of concerns in various areas of the Version 1 standards.

Version 5 of the NERC CIP Cyber Security Standards is intended to address all remaining standards related issues of FERC Order No. 706.

The SDT believes the NERC Version 5 CIP Cyber Security Standards provide a cyber security framework for the categorization and protection of BES Cyber Systems to support the reliable operation of the Bulk Electric System. These standards recognize the differing roles of each entity in the operation of the Bulk Electric System, the criticality and vulnerability of the cyber systems needed to support Bulk Electric System reliability, and the risks to which they are exposed. Additional information about the project is available on the [project page](#).

### Standards Development Process

The [Standard Processes Manual](#) contains all the procedures governing the standards development process. The success of the NERC standards development process depends on stakeholder participation. We extend our thanks to all those who participate.

*For more information or assistance, please contact Monica Benson,  
Standards Process Administrator, at [monica.benson@nerc.net](mailto:monica.benson@nerc.net) or at 404-446-2560.*

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**Attachment B**

Project 2008-06 – Cyber Security Order 706 –  
V5 Standard Drafting Team Meeting Agendas and Notes



## Meeting Agenda Project 2008-06 Cyber Security Order 706 Standard Drafting Team

July 10-12, 2012 | 8:00 a.m. – 6:00 p.m. CT

Great River Energy  
12300 Elm Creek Boulevard  
Maple Grove, MN 55369  
(763) 445-5500

Dial-in: 1-866-740-1260 | Access Code: 7149593 | Security Code: 997870

### **Administrative**

#### **1. Introductions**

#### **2. Determination of Quorum**

The rule for NERC Standard Drafting Team (SDT) states that a quorum requires two-thirds of the voting members of the SDT to be present.

#### **3. NERC Antitrust Compliance Guidelines and Public Announcement**

It is NERC's policy and practice to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition. This policy requires the avoidance of any conduct that violates, or that might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition. It is the responsibility of every NERC participant and employee who may in any way affect NERC's compliance with the antitrust laws to carry out this commitment.

#### **4. Review Current Team Roster**

**5. Review Meeting Agenda and Objectives**

- a. Continue review/response to industry comments and modify standards in response.
- b. Finalize approach to previously identified significant unresolved issues.

**Agenda****1. Approval of Notes from Previous Meetings****2. Update on Successive Ballot Timeline****3. Finalize Approaches to Significant Issues**

- a. Program-based requirement approach (non-zero-defect).
- b. Addressing guidance in Order 761.
- c. CIP-002-5 BES Cyber System Identification.
- d. Immediate revocation of access.
- e. Physical Security Perimeter monitoring and alerting.

**4. Finalize Response to Comments (Review Additional Modifications to Each Standard)****5. Prepare Standards for Quality Review as Available****6. Action Items and Next Steps****7. Planning for Webinars, Full Team Calls, etc.****8. Future Meeting Schedules and Venues**

- a. August 14-16, 2012, Columbus, OH (AEP)
- b. September 11-13, 2012 (to be determined)

**9. Adjourn**

## Meeting Notes

### Project 2008-06 Cyber Security Order 706 Standard Drafting Team

July 10-12, 2012  
Maple Grove, MN

#### Administrative

##### 1. Introductions and Chair's Remarks

The acting chair brought the meeting to order at 8:00 a.m. CT on Tuesday, July 10, 2012 at Great River Energy (GRE) Headquarters facilities. Meeting participants were:

Members		
Rob Antonishen, Ontario Power	Rene Bourassa, Hydro Quebec (via teleconference)	Sharon Edwards, Duke Energy
Jerry Freese, AEP	Christine Hasha, ERCOT	Philip Huff, Vice Chair, AECC
Doug Johnson, ComEd	Richard Kinast, OUCI	Robert Lloyd, SCE
Scott Mix, NERC	Steven Noess, NERC Advisor	Kevin Sherlin, SMUD
David Revill, GA Transmission	Thomas Stevenson, Constellation	John Varnell, Tenaska Power Services
William Winters, APS		

Observers		
Tom Alrich, Honeywell	Joe Bucciero, EnerNex	Richard Burt, MRO
David Dockery, AECl	James Fletcher, AEP	Annette Johnston, MidAmerican
Michael Keene, FERC	Collin Martin, Oncor	Jeremy Morgan, Progress Energy
Sharon Koller, Alliant Energy	Dan McAuley, Southern Company	Brian Newell, AEP
Eduardo Santiago, Southern Company	Cade Simmons, MidAmerican	Josh Smith, Southern Company
Jennifer White, Alliant Energy		

## 2. Determination of Quorum

The rule for NERC Standard Drafting Team (the team or SDT) states that a quorum requires two-thirds of the voting members of the SDT. Quorum was achieved as 15 of 16 total members were present.

## 3. NERC Antitrust Compliance Guidelines and Public Announcement

The NERC Antitrust Compliance Guidelines and public announcement were delivered.

## 4. Review Team Roster

The Standards Committee approved the removal of one member from the drafting team on May 24, 2012, as the member changed roles and is no longer able to participate actively in the drafting team's activities. An updated team roster has been posted to the team's project page.

## 5. Review Meeting Agenda and Objectives

No changes were made to the meeting agenda or objectives. The meeting objectives were to continue review of industry comments, finalize approach to significant unresolved issues, and prepare changes to the standards in response.

## Agenda Items

### 1. Approval of Notes from Previous Meetings

### 2. Update on Ballot Results and Process Toward Successive Ballot

The team reviewed the plan to prepare another draft for successive ballot, to be posted in August or September 2012. The team re-acknowledged that it will need to complete a successive ballot and recirculation ballot before the end of 2012 in order to meet the deadline for filing Version 5 imposed by FERC Order No. 761. Furthermore, the team sought from the Standards Committee deferral of Violation Severity Levels (VSLs) for non-binding poll, and the Standards Committee approved deferral of posting VSLs for non-binding poll until the recirculation ballot. The SDT also reviewed progress in finalizing comment response summaries for each of the set of questions submitted during the formal comment period that ended in May 2012. Each member assigned to a question indicated that he or she was on track to finish the comment responses before the beginning of the August 2012 face-to-face SDT meeting.

### 3. Major Issues and Actions

The focus of the meeting was to continue improving and modifying the standards in response to industry input from formal comments. The SDT made several changes at its June 2012 in direct response to comments, and this meeting focused on several remaining issues, many of which applied broadly across more than one standard. The team met in plenary session for the duration of the meeting, and it focused on those standards that had less focus during June's meeting.

Namely, CIP-003-5, CIP-008-5, CIP-009-5, CIP-010-1, and CIP-011-1. Among several issues identified or resolved during these meetings include, but are not limited to:

- a. The SDT discussed with NERC's director of compliance operations the direction NERC is moving with respect to compliance monitoring. The discussion included presentation of the broader ERO directions to incorporate risk-informed approaches.
- b. In addition to the compliance monitoring discussion, the SDT discussed incorporating a self-correcting component within several requirements. As part of its obligation under FERC Order No. 706, the SDT has an obligation to consider applicable features of the NIST Risk Management Framework. Thus, Version 5 has incorporated the "Assess" and "Monitor" processes of the NIST Risk Management Framework in the development of the requirements and enabled these processes through additional language for identifying, assessing, and correcting deficiencies in controls. The SDT has incorporated within CIP Version 5 a recognition that certain requirements should not focus on individual instances of failure as a sole basis for determining a violation of the standard. In particular, the SDT has incorporated an approach to empower and enable the industry to identify, assess, and correct deficiencies in the implementation of certain requirements. The intent is to change the basis of a violation in those requirements so that they are not focused on *whether* there is a deficiency, but on identifying, assessing, and correcting deficiencies. Note that, where used, the addition of language modifies "implement"; it does not itself require or specify internal controls, though it certainly enables their use for those entities that have adopted an internal controls approach. Where used, the requirements incorporate the forward-looking language into the main requirement, which ties in with CIP Version 5's use of accompanying tables. It is presented in those requirements as follows: "Each Responsible Entity shall implement, **in a manner that identifies, assesses, and corrects deficiencies**, one or more documented processes (or program, etc., as specified by the requirement) that collectively include each of the applicable items in [the referenced table]."
- c. The team continued to review generally Order No. 761 guidance and its implications on the drafting team's work.
- d. As part of the movement to incorporate a self-correcting aspect into the requirements, the SDT also discussed the importance of synchronizing those concepts within other supporting documents, such as Reliability Standard Audit Worksheets (RSAWs) and the VSLs. The SDT will work with NERC to provide input into the RSAWs so that an example RSAW can be posted for comment alongside the next posting of the standards.
- e. The SDT reviewed the decisions for global changes, which are included in the June 2012 meeting summary, and reviewed and confirmed those changes in the standards.

- f. Synchronize all measures to reflect the approach that measures are non-exhaustive lists of examples. To accomplish this, the SDT added the “Examples of” concept to precede “evidence includes, but is not limited to, . . .”
- g. In CIP-004-5, the SDT discussed some questions regarding the PRA process. Specifically, some commenters were concerned that a PRA would be required for a change in role, and the SDT clarified that its intent is for the entity’s process to determine what is appropriate and that the standard should be clear that a PRA should not be any older than 7 years, not that it must be conducted for each new role. To provide clarity, the SDT does not distinguish between a first time or renewal PRA, and as written, a PRA that is no older than 7 years is a condition for access. As a condition of access, it must have been conducted either prior to granting such access or prior to renewing such access.
- h. The SDT also clarified the identity verification requirement by specifying that the entity should have a process to verify identity, but the SDT does not prescribe how.
- i. The SDT discussed but did not make a final determination on the MW threshold for Balancing Authorities (BAs). An observer in attendance provided the SDT with information and a summary of the 22 commenters that discussed this issue in the comments for draft 2. The SDT discussed the topic and seemed to agree that, in general, even if a BA goes down, there would still be voltage at the actual generators.
- j. The SDT also finalized several other changes for clarity, style, and grammar.

#### 4. Action Items and Next Steps

- a. Team members were reminded of responsibility for completing summaries for individual questions from the comment forms. Summaries must be completed before the end of July 2012.
- b. Participate in all topic-specific SDT interim calls.

#### 5. Future Meeting(s)

- a. August 14-16, 2012 (AEP in Columbus, OH).
- b. September 11-13, 2012 (to be determined).

#### 6. Adjourn

The meeting was adjourned at 4:00 p.m. CT on July 12, 2012. The chair thanked GRE for use of its facilities and thanked the members for a productive session.

## Meeting Agenda Project 2008-06 Cyber Security Order 706 Standard Drafting Team

August 14-16, 2012 | 8:00 a.m. – 6:00 p.m. CT

AEP  
1 Riverside Plaza  
Columbus, OH 43215  
(614) 716-2128

Dial-in: 1.866-740-1260 | Access code: 7149593 | Security Code: 648548

### **Administrative**

#### **1. Introductions**

#### **2. Determination of Quorum**

The rule for NERC Standard Drafting Team (SDT) states that a quorum requires two-thirds of the voting members of the SDT to be present.

#### **3. NERC Antitrust Compliance Guidelines and Public Announcement**

It is NERC's policy and practice to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition. This policy requires the avoidance of any conduct that violates, or that might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition. It is the responsibility of every NERC participant and employee who may in any way affect NERC's compliance with the antitrust laws to carry out this commitment.

#### **4. Review Current Team Roster**

**5. Review Meeting Agenda and Objectives**

- a. Finalize review/response to industry comments and modify standards in response.
- b. Finalize draft 3 of the standards for submission to NERC quality review (QR).

**Agenda**

- 1. Approval of Notes from Previous Meetings**
- 2. Update on Successive Ballot Timeline**
- 3. Standards Approach in Certain Requirements: Correcting Deficiencies**
- 4. Finalize Response to Comments – Review Additional Modifications to Each Standard)**
- 5. Discuss Violation Severity Levels (VSLs) and Synchronize with Standards – VSLs will be Posted**
- 6. Approve Standards for QR**
- 7. Action Items and Next Steps**
- 8. Planning for Webinars, Full Team Calls, etc**
  - a. September 11, 2:00 – 4:00 p.m. ET.
  - b. September 21, 1:00 – 3:00 p.m. ET.
- 9. Future Meeting Schedules and Venues**
  - a. September 5-6, 2012, via Teleconference (11:00 a.m. – 5:00 p.m. ET each day).
  - b. October 23-25, 2012, to be determined.
- 10. Adjourn**



## Meeting Notes

### Project 2008-06 Cyber Security Order 706 Standard Drafting Team

August 14-16, 2012  
Columbus, OH

#### Administrative

##### 1. Introductions and Chair's Remarks

The chair brought the meeting to order at 8:02 a.m. ET on Tuesday, August 14, 2012 at AEP Headquarters. Meeting participants were:

Members		
Rene Bourassa, Hydro Quebec	Jay Cribb, Southern Company	Sharon Edwards, Duke Energy
Christine Hasha, ERCOT (via conference call)	Philip Huff, Vice Chair, AECC	Jerry Freese, AEP
Doug Johnson, Exelon	John Lim, Chair, Consolidated Edison	Scott Mix, NERC
Steven Noess, NERC Advisor	Robert Preston Lloyd, Southern California Edison	David Revill, GA Transmission
Kevin Sherlin, SMUD (via conference call)	Thomas Stevenson, Constellation	John Varnell, Tenaska Power Services (via conference call)
William Winters, APS (via conference call)		

Observers		
Michael Bailey, FirstEnergy	Peter Buerling, FirstEnergy	Randy Calhoun, AEP
Bryan Carr, PacifiCorp	Trey Cross, ACES Power Marketing	David Dockery, AECl
James Fletcher, AEP	John Fridye, Ventyx	Doug Hohlbaugh, FirstEnergy
Annette Johnston, MidAmerican Energy Company	Michael Keane, FERC	Sharon Koller, Alliant Energy

Observers		
Collin Martin, ONCOR	Dan McAveley, Progress Energy	Don Miller, FirstEnergy
Nathan Mitchell, APPA	Jeremy Morgan, Progress Energy Carolinas	Brian Newell, AEP
James Rappach, AEP	Troy Rhoades, FirstEnergy	Carlo Santarelli, AEP
Tim Sheerer, FirstEnergy	Josh Smith, Southern Company Services	Ryan Stewart, NERC
Jennifer White, Alliant Energy	Spencer Young, PacifiCorp	

**2. Determination of Quorum**

The rule for NERC Standard Drafting Team (the team or SDT) states that a quorum requires two-thirds of the voting members of the SDT. Quorum was achieved as 14 of 16 total members were present.

**3. NERC Antitrust Compliance Guidelines and Public Announcement**

The NERC Antitrust Compliance Guidelines and public announcement were delivered.

**Agenda Items**

1. The SDT reviewed the upcoming timeline as there are a few time sensitive areas the SDT needs to address. The timeline discussed and agreed to is:

- 30-day comment period from approximately September 12 – October 12, 2012.
- 10-day ballot period during the last ten days of the 30-day comment period.
- SDT conference calls September 5-6, 2012 to discuss and finalize quality review (QR) consideration.
- SDT face to face meeting to address comments prior to recirculation ballot.
- Recirculation ballot shortly after the face to face meeting.
- Board of Trustee (BOT) approval at its November 2012 meeting if recirculation complete or in December 2012.
- Filing with FERC shortly after BOT approval to meet deadline in Order No. 761.

**2. Major Issues and Actions**

The focus of the meeting was to discuss the proposed self-correcting language for the applicable Requirements, discuss CIP-002-5 through CIP-011-1 regarding changes from the second draft to the current state of the standards for consensus and approval for submission to QR, and discuss the CIP Version 5 Definitions document.

In summary, Tuesday focused on the zero defect approach to the applicable Requirements within the CIP standards, the review of CIP-002-5, CIP-003-5 and CIP-005-5. Wednesday focused on the draft CIP-006-5 Reliability Standard Audit Worksheet (RSAW) and the continued review of CIP-005-5 and CIP-007-5. Thursday focused mainly on the development of the Implementation Plan as well as the review of CIP-004-5 and CIP-006-5. Among several issues identified during these meetings for continued team discussion include, but are not limited to:

- a. Standards approach moving from *whether* deficiencies occur to *correcting* deficiencies. The SDT took a straw poll to determine if the SDT is comfortable with including language at all on this issue. The proposal is whether the SDT is in support of including language in the applicable Requirements to support the concept of identify, assess and correct. The straw poll reflected team consensus. The SDT is in support of using the language.
- b. Stemming from the discussion above, the team reviewed different proposals from industry stakeholders regarding the self-correcting language. Many of the proposals included detail language indicating what *is not* a violation, and other proposals modified “process” instead of “implement.” The team agreed with the concept of many of the proposals, but they agreed that many of the concepts in the proposed alternative language would be more appropriate in other compliance monitoring documents, such as an RSAW. The SDT is moving forward with the current proposal of the language (#1). The SDT will provide outreach to stakeholder groups on this language to solicit feedback and comments to gauge the industry’s reaction.
- c. The SDT discussed slides on the CIP Version 5 approach for correcting deficiencies. The approach shifts focus from *whether* deficiencies occur to *correcting deficiencies*. As mentioned above, a number of proposals to incorporate the identify, assess, and correct deficiencies language were provided prior to the meeting, and the team returned to the language of “implement, in a manner that identifies, assesses, and corrects deficiencies...” It is important to note that the language does not *require* an entity to have internal controls but provides flexibility to an entity if it is using an internal controls or compliance management approach.
- d. The SDT discussed whether the self-correcting language should be in all Requirements or only certain Requirements. The SDT determined that it is only appropriate in certain requirements, such as highly recurrent or documentation-type requirements, and that other requirements are more binary in nature with respect to meeting the required performance. Furthermore, using it selectively further supports a risk-informed approach that recognizes that some requirements should be performed without flaw. As such, the approach will only be included for approximately half of the Requirements.
- e. The SDT reviewed the draft RSAW for CIP-006-5, which was modeled after the COM-003-1 RSAW. The SDT expects that the other nine RSAWs will be developed with continued industry

and SDT input following approval of the CIP Version 5 standards. NERC plans to post this draft RSAW as an informational document concurrent with draft 3's posting for successive ballot.

- f. The SDT reviewed the implementation plan. There was discussion regarding the effective dates and how Version 4 of the CIP standards will impact Version 5. NERC is working on a smooth transition for each Version. In the implementation plan for the CIP Version 5 standards, the SDT had previously proposed to extend Version 3 until the effective date of Version 5. In doing so, the effective date proposes that Version 4 will be superseded by Version 5 and not go into effect. Even though Version 4 has been approved by order, the SDT always contemplated such approval during the development of the implementation plan language. That order does not change the SDT's proposal. The expectation of the order is why the SDT included language implementation plan's effective date to specify that the extension of Version 3 until Version 5, and that Version 4 would not go into effect, would occur "notwithstanding any order to the contrary." There is no change in the SDT's intent and proposal to extend Version 3 until Version 5, and for Version 5 to supersede Version 4, notwithstanding the recent order approving Version 4. The SDT also understands, as is the case for any standards proposal by the industry, that the proposal is subject to approval by appropriate regulatory authorities.
- g. Within the individual standards for CIP Version 5, the effective dates have been modified so that they are specific to the particular standard. In doing so, the reference to extending Version 3 and superseding Version 4 has been removed, as the Implementation Plan is the appropriate place for that language (where it remains, as described above). Thus, while there is no change to the SDT's proposal, you will notice that the individual, standard-by-standard effective dates have been modified to the correct style and form.
- h. There was a general discussion with regards to what the questions will be during the next posting. Since this is the third posting, the SDT has reviewed thousands of pages of perspectives, and it is not looking for the volume of comments previously submitted. It believes that the set of standards being prepared for posting reflect careful consideration of the varied formal and informal inputs into the process that reflect a consensus position. As such the SDT agreed that to keep the number and amount of questions to a minimum.

### 3. Action Items and Next Steps

- a. NERC has already announced the September 11, 2012 webinar, and it will send an announcement for September 21, 2012 webinar, along with reminders for both of the webinars as the date approaches.
- b. A subteam of the SDT and Observer collaborators is working on VSLs and will provide them to the SDT within two weeks of the meeting.
- c. The SDT Chair will finalize the consideration of directives and will provide that to the SDT for submittal to QR.

- d. An SDT member will provide language in the background section for the protected cyber asset concepts.
  - e. Several other members had small areas for clarity they will provide for inclusion in the background and guidelines sections of the standards.
4. **Planning for Webinars, Full Team Calls, etc.**
- a. September 11, 2:00 – 4:00 p.m. ET.
  - b. September 21, 1:00 – 3:00 p.m. ET.
5. **Future Meeting Schedules and Venues**
- a. September 5-6, 2012, via Teleconference (11:00 a.m. – 5:00 p.m. ET each day).
  - b. October 23-25, 2012, Sacramento, CA (SMUD Hosting).
6. **Adjourn**
- The meeting was adjourned at 4:01 p.m. ET on August 16, 2012.

**Attachment C**

Project 2008-06 – Cyber Security Order 706 – V5 Project Schedule

#	Name		Duration	2012	
1	<b>B - DRAFT STANDARD</b>	✓	528 hrs		
2	Write Draft Standard	✓	40 days		
3	SDT Meets (Atlanta, GA) to Solicit Industry Feedback	✓	3 days		
4	Sponsor Industry Webinar on Version 5 CIP Standards	✓	1 days		
5	SDT Meets (Westminster CA) to Finalize Documentation for QR	✓	3 days		
6	Send Posting Package to SPM for Quality Review	✓	5 days		
7	Perform Quality Review of Posting Package	✓	15 days		
8	Edit Posting Package based on QR and Send to SPM	✓	6 days		
9	SDT meets (Baltimore MD) to finalize CIP v5 Documentaiton for	✓	3 days		
10	Final Pre-Posting Review of Posting Package	✓	5 days		
11	Drafting Complete	✓	0 days		
12	<b>E - INITIAL BALLOT</b>	✓	451.23 hrs		
13	Write Draft Standard Posting and Ballot Pool Announcement	✓	2 days		
14	Post Draft Standard and Update Web Page	✓	2 days		
15	Post Draft Standard Posting and Ballot Pool Announcement	✓	2 days		
16	Distribute Draft Standard Posting and Ballot Pool Announcement	✓	2 days		
17	SDT Prepares for industry Webinar on CIP v5 Stadnards	✓	7 days		
18	Comment Period	✓	60.44		
19	Refresh Ballot Pool over 30 days	✓	41.32		
20	Webinar to the Industry (CIP-002, Defintions, and	✓	1 days		
21	Webinar to the Industry (CIP-003 thru -011)	✓	1 days		
22	SDT meets (via Conference Call) to review Webnar Questions	✓	2 days		
23	Write Initial Ballot Announcement	✓	24 hrs		
24	Post Initial Ballot Announcement	✓	1 days		
25	Distribute Initial Ballot Announcement	✓	1 days		
26	Conduct Initial Ballot over 10 days	✓	21.81		
27	Assemble Comments on Draft Standard and Send to Project	✓	5 days		
28	Assemble Ballot Comments on Draft Standard and Send to	✓	5 days		
29	Assemble Ballot Results and Update Web Page	✓	5 days		

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The second phase (Phase 2) of Project 2008-06 Cyber Security Order 706 will require the SDT to propose modifications not included in Phase 1 of the project to bring the following standards into conformance with the ERO Rules of Procedure and to address the directives from FERC Order 706:  
CIP-002-2 Critical Cyber Asset Identification

Planned Summary   
In Progress Milestone

#	Name		Duration		2012
30	Initial Ballot Complete	✓	0 days		
31	<b>F - SUCCESSIVE BALLOT</b>	✓	752 hrs		
32	Respond to Comments Received	✓	34 days		
33	Write Draft Standard	✓	34 days		
34	Send Posting Package to SPM for Quality Review	✓	5 days		
35	Perform Quality Review of Posting Package	✓	10 days		
36	Edit Posting Package based on QR and Send to SPM	✓	10 days		
37	Final Pre-Posting Review of Posting Package	✓	5 days		
38	Write Draft Standard Posting Announcement	✓	1 days		
39	Post Draft Standard and Update Web Page	✓	1 days		
40	Post Draft Standard Posting Announcement	✓	1 days		
41	Distribute Draft Standard Posting Announcement	✓	1 days		
42	CIP-002 Comment Period REF_POST_FBS	✓	40 edays		
43	CIP-003 Comment Period REF_POST_FBS	✓	40 edays		
44	CIP-004 Comment Period REF_POST_FBS	✓	40 edays		
45	CIP-005 Comment Period REF_POST_FBS	✓	40 edays		
46	CIP-006 Comment Period REF_POST_FBS	✓	40 edays		
47	CIP-007 Comment Period REF_POST_FBS	✓	40 edays		
48	CIP-008 Comment Period REF_POST_FBS	✓	40 edays		
49	CIP-009 Comment Period REF_POST_FBS	✓	40 edays		
50	CIP-010 Comment Period REF_POST_FBS	✓	40 edays		
51	CIP-011 Comment Period REF_POST_FBS	✓	40 edays		
52	Write Successive Ballot Announcement	✓	3 days		
53	Post Successive Ballot Announcement	✓	1 days		
54	Distribute Successive Ballot Announcement	✓	1 days		
55	Conduct Successive Ballot over 10 days	✓	10 edays		
56	Assemble Comments on Draft Standard and Send to Project	✓	5 days		
57	Assemble Ballot Comments on Draft Standard and Send to	✓	5 days		
58	Assemble Ballot Results and Update Web Page	✓	5 days		

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#	Name		Duration	2012	
59	Successive Ballot Complete	✓	0 days		
60	<b>F2 - 2nd SUCCESSIVE BALLOT</b>	✓	784 hrs		
61	Respond to Comments Received	✓	40 days		
62	Write Draft Standard	✓	40 days		
63	Send Posting Package to SPM for Quality Review	✓	5 days		
64	Perform Quality Review of Posting Package	✓	10 days		
65	Edit Posting Package based on QR and Send to SPM	✓	10 days		
66	Final Pre-Posting Review of Posting Package	✓	5 days		
67	Write Draft Standard Posting Announcement	✓	1 days		
68	Post Draft Standard and Update Web Page	✓	1 days		
69	Post Draft Standard Posting Announcement	✓	1 days		
70	Distribute Draft Standard Posting Announcement	✓	1 days		
71	CIP-002 Comment Period REF_POST_FBS	✓	30 edays		
72	CIP-003 Comment Period REF_POST_FBS	✓	30 edays		
73	CIP-004 Comment Period REF_POST_FBS	✓	30 edays		
74	CIP-005 Comment Period REF_POST_FBS	✓	30 edays		
75	CIP-006 Comment Period REF_POST_FBS	✓	30 edays		
76	CIP-007 Comment Period REF_POST_FBS	✓	30 edays		
77	CIP-008 Comment Period REF_POST_FBS	✓	30 edays		
78	CIP-009 Comment Period REF_POST_FBS	✓	30 edays		
79	CIP-010 Comment Period REF_POST_FBS	✓	30 edays		
80	CIP-011 Comment Period REF_POST_FBS	✓	30 edays		
81	Write Successive Ballot Announcement	✓	5 edays		
82	Post Successive Ballot Announcement	✓	5 days		
83	Distribute Successive Ballot Announcement	✓	1 days		
84	Conduct Successive Ballot over 10 days	✓	10 edays		
85	Assemble Comments on Draft Standard and Send to Project	✓	5 days		
86	Assemble Ballot Comments on Draft Standard and Send to	✓	5 days		
87	Assemble Ballot Results and Update Web Page	✓	5 days		

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Planned  
Summary



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Milestone



#	Name		Duration	2012	
88	Successive Ballot Complete		0 days		
89	<b>G - RECIRC BALLOT</b>		360 hrs		
90	Respond to Comments Received		10 days		
91	Write Draft of Standard		10 days		
92	Send Posting Package to SPM for Quality Review		5 days		
93	Perform Quality Review of Posting Package		5 days		
94	Edit Posting Package based on QR and Send to SPM		5 days		
95	Final Pre-Posting Review of Posting Package		5 days		
96	Write Recirculation Ballot Announcement		3 days		
97	Post Draft Standard and Update Web Page		1 days		
98	Post Recirculation Ballot Announcement		1 days		
99	Distribute Recirculation Ballot Announcement		1 days		
100	CIP-002 Recirculation Ballot REF_BALLOT_R		10 edays		
101	CIP-003 Recirculation Ballot REF_BALLOT_R		10 edays		
102	CIP-004 Recirculation Ballot REF_BALLOT_R		10 edays		
103	CIP-005 Recirculation Ballot REF_BALLOT_R		10 edays		
104	CIP-006 Recirculation Ballot REF_BALLOT_R		10 edays		
105	CIP-007 Recirculation Ballot REF_BALLOT_R		10 edays		
106	CIP-008 Recirculation Ballot REF_BALLOT_R		10 edays		
107	CIP-009 Recirculation Ballot REF_BALLOT_R		10 edays		
108	CIP-010 Recirculation Ballot REF_BALLOT_R		10 edays		
109	CIP-011 Recirculation Ballot REF_BALLOT_R		10 edays		
110	Assemble Ballot Results and Update Web Page		5 days		
111	Recirc Complete		0 days		
112	<b>H - BOT APPROVAL</b>		584 hrs		
113	Develop Board Materials		10 days		
114	Send Board Materials to Standards Leadership		1 days		
115	Perform Standards Leadership Review		5 days		
116	Edit Board Materials based on Leadership Review		3 days		

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#	Name		Duration	2012	
117	Perform Legal Review		5 days		
118	Edit Board Materials based on Legal Review and send to Exec		3 days		
119	Perform Exec Mgmt Review		5 days		
120	Edit Board Materials based on Exec Mgmt Review		3 days		
121	Submit Board Materials to Board		30 edays		
122	Present Board Materials to Board		1 days		
123	Board Vote on Materials		1 days		
124	BOT Approval Complete		0 days		
125	<b>I - FILING</b>		448 hrs		
126	Develop Draft Filing		30 days		
127	Send Draft Filing to Standard Regulatory Initiatives		1 days		
128	Perform Standards Regulatory Initiatives Review		5 days		
129	Edit Draft Filing based on SRI Review and send to Legal		3 days		
130	Perform Legal Review		5 days		
131	Edit Draft Filing based on Legal Review and send to Exec Mgmt		3 days		
132	Perform Exec Mgmt Review		5 days		
133	Edit Draft Filing based on Exec Mgmt Review		3 days		
134	Assemble development record		5 days		
135	Assemble Final Filing Package		1 days		
136	<b>Submit Final Filing Package</b>		0 hrs		
137	Filing Complete		0 days		



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