

NERC News

May 2020

Inside This Issue

Compliance

[Compliance Guidance Update](#)

Reliability Risk Management

[Webinar Resources Posted](#)

Standards

[Align Project Update](#)

[Webinar Resources Posted](#)

[Deadline Extended for Project 2020-04 – Modifications to CIP-012 SAR Drafting Team Nomination Period](#)

[Deadline Extended for Project 2020-03 – Supply Chain Low Impact Revisions Standard Drafting Team Nomination Period](#)

Regional Entity Events

[Upcoming Events](#)

[Filings | Careers](#)

ERO Executive Spotlight – Mark Lauby

A Look at the ERO Enterprise Framework to Address Known and Emerging Reliability and Security Risks



During the last ten years, the ERO Enterprise has expanded its implementation of risk-based approaches across its program areas. The successful reduction of risk to the reliability and security of the bulk power system is a collaborative process between the ERO Enterprise, the Federal Energy Regulatory Commission (FERC) and industry, and one that requires a consistent framework to identify, prioritize and address known and emerging reliability and security risks as well as evaluate the success of efforts in mitigating risks. The ERO Enterprise identified six specific steps to do so:

so:

1. **Risk Identification:** The ERO Enterprise identifies risks a number of ways, including but not limited to compliance monitoring activities; reliability assessments; events analysis; Frequency Response, Inertia and other essential reliability service measurements; and the Reliability Issues Steering Committee (RISC) Biennial Risk Report.
2. **Risk Prioritization:** The ERO Enterprise then prioritizes risks through an analysis of their exposure, scope and duration as well as impact and likelihood. Depending on risk complexity, new models, algorithms and processes may need to be developed to better understand potential risk impacts. [Continued on page 2](#)

Headlines

[ERO Enterprise Releases New Guidance Temporarily Expanding Self-Logging Program Due to Coronavirus Impacts](#)

[Board Holds Virtual Meeting; Approves Updated Align Timeline, SEL Strategy](#)

[Resource Developed to Help Organizations Update Pandemic Response Plans](#)

[Response to White House Executive Order](#)

ERO Enterprise Framework (cont'd)

3. **Mitigation Identification and Evaluation:** The right mix of mitigation activities is balanced against both the effective and efficient use of resources and the potential risk impact and likelihood. Five of NERC's most significant reliability risk mitigation tools are Reliability Standards, Reliability Guidelines, Technical Engagement, Reliability Assessments and Alerts, which often overlap based on the specifics of each risk being mitigated.
4. **Deployment:** The ERO Enterprise uses a number of deployment approaches, including endorsement of industry-developed Compliance Implementation Guidance; Standard Authorization Requests to improve and adapt Reliability Standards to emerging risks; site visits; regulatory or legislative intervention/support; industry notices, newsletters and bulletins; and workshops, conferences and technical meetings.
5. **Measurement of Success:** The ERO Enterprise measures mitigation effectiveness to determine if the residual risk has achieved an acceptable level. If the desired level of desired risk mitigation is not met, the risk is fed back to Step 1, enabling a new prioritization of risks, factoring in historic mitigation, ensuring resource allocation is adapting to the changing risk landscape.
6. **Monitoring:** Once residual risk is at an acceptable level, the ERO Enterprise monitors it through ongoing performance measures to ensure that risk remains at an acceptable level. If the risk level heightens, or increased mitigation efforts are necessary due to the changing nature of the bulk power system, the risk can be fed back into Step 1 for prioritization and the development of additional mitigation approaches.

The framework provides a transparent process using industry experts in parallel with ERO Enterprise experts throughout the process, from risk identification, deployment of mitigation strategies, to monitoring the success of these mitigations.

The ERO Enterprise's mission ultimately exists to serve the public interest, and it must serve that interest by continuing to lead industry in reliability, resilience and security initiatives for known and emerging risks, and to engage industry in a collaborative approach to mitigating that risk.

Mark Lauby is senior vice president and chief engineer at NERC. ■■■

Headlines

ERO Enterprise Releases New Guidance Temporarily Expanding Self-Logging Program Due to Coronavirus Impacts

The ERO Enterprise released new [guidance](#) providing additional regulatory relief related to registered entities' coronavirus response. The relief temporarily expands the Self-Logging Program to allow all registered entities to self-log instances of potential noncompliance with minimal or moderate risk related to their coronavirus response. While registered entities remain responsible for maintaining compliance with NERC Reliability Standards, this expansion allows them to focus their immediate efforts and resources on maintaining the safety of their workforce and communities to assure the reliability of the bulk power system during this public health emergency. Under this temporary expansion of the Self-Logging Program, potential noncompliance related to coronavirus impacts and logged consistently with this guidance is expected to be resolved without further action.

NERC and FERC previously [announced](#) steps to ensure that operators of the Bulk Electric System can focus their resources where they are most needed. NERC is maintaining an [FAQ document](#) addressing industry questions on the guidance on the [CMEP One-Stop Shop](#).

FERC also approved NERC’s motion to [defer the implementation of seven Reliability Standards](#) with effective dates or phased-in implementation dates in the second half of 2020 to help assure grid reliability amid the impacts posed by the coronavirus outbreak. Finally, the ERO Enterprise postponed on-site audits and other on-site activities through September 7, 2020.

During this challenging time, the ERO Enterprise recognizes the importance of prioritizing the health and safety of personnel and the continued reliability and security of the bulk power system and will continue to evaluate the circumstances to determine whether additional guidance is needed.

[ERO Enterprise Guidance: Potential Noncompliance Related to Coronavirus Impacts | COVID-19 Logging Spreadsheet - Template](#)

Board Holds Virtual Meeting; Approves Updated Align Timeline, SEL Strategy

In order to respect stay-at-home orders and support the health and welfare of the industry’s workforce during the COVID-19 pandemic, NERC held its quarterly Board of Trustees meeting via WebEx — the first virtual board meeting in ERO Enterprise history.

“At our last Board meeting, we spoke about what a remarkable year 2019 was — little did we know what was in store for us in 2020,” said Jim Robb, NERC president and chief executive officer. “This meeting was scheduled to take place in Washington, D.C., but change happens and we adapt. This has been an intense and challenging time for all of us across our industry. However, NERC and our community of stakeholders are navigating this crisis, and we will emerge even more resilient.”

Robb commended ERO Enterprise staff for their work during this challenging time and detailed activities undertaken during the pandemic with the Federal Energy Regulatory Commission (FERC) to provide regulatory relief while still assuring the reliability and security of the grid, including:

- Lessening compliance burdens so companies can allocate resources to the current crisis.

- Collecting information to promote situational awareness and sharing with industry.
- Coordinating with government partners to ensure that government and industry are in alignment.

Board Chair Roy Thilly noted the historic nature of NERC’s first virtual Board meeting and announced the August meeting will also take place via WebEx saying, “We all greatly miss the quality of in-person stakeholder interaction and hope to get back together as soon as is prudent.”

Thilly thanked NERC, the Regions and industry, who are on the front lines of reliability. “Threats to reliability are not on hold,” said Thilly. “Everyone has been working to keep their eyes focused on reliability during the pandemic.”

Bruce Walker, assistant secretary for the Office of Electricity at the Department of Energy (DOE), provided remarks focused on the recent Executive Order, stating that the order builds upon the significant ongoing work of NERC, FERC and industry. Speaking to implementation, Walker noted that DOE will continue the collaborative work with FERC, NERC and the Electricity Subsector Coordinating Council in a targeted, thoughtful manner, in partnership with these stakeholders.

The Board voted to approve an updated timeline for the Align project and the investment and funding strategy for the ERO Secure Evidence Locker (SEL). Align will move all compliance monitoring and enforcement business processes to a common standardized platform, resulting in a consistent application of the ERO Enterprise Compliance Monitoring and Enforcement Program (CMEP) and a more secure method of managing and storing CMEP evidence and data.

The SEL will provide a secure, isolated environment to collect and protect compliance monitoring and enforcement evidence, which will significantly reduce risk of loss or exposure of evidence and harmonize evidence collection processes. Potential delays of supply chain and travel disruptions due to COVID-19 were also

discussed as related to the project timeline. More information on the project can be found on the [Align page](#).

“The balance of 2020 will be spent developing and testing the SEL and delivering training for the registered entities, Regions and NERC staff who will be using Align during its initial release in the first half of 2021,” said Stan Hoptruff, NERC’s vice president of Business Technology. Hoptruff also thanked the Board for their support and industry for their level of engagement throughout the project.

Andy Sharp, vice president and interim chief financial officer, reviewed the draft 2021 budget. With no proposed increase in assessment funding, the draft 2021 budget is \$82.9 million, or 0.2% above 2020. Sharp highlighted the major budget items for 2021, which include the SEL, the Align project and increasing NERC’s internal cyber security capabilities.

A summary of the combined ERO Enterprise draft 2021 budget was also presented and shows a budget increase from 2020 of \$3.4 million, or 1.7% and an assessment increase of \$1.8 million, or 0.9%. The Board also approved the Regional Delegation Agreements, which NERC is required to review every five years.

In other action, the Board adopted CIP-002-6 in **Project 2016-02 – Modifications to CIP Standards**, which addresses the Version 5 Transition Advisory Group issues identified in the [Critical Infrastructure Protection V5 Issues for Standard Drafting Team Consideration](#) document. The revised standard establishes a clear delineation between medium-impact and low-impact control centers for those centers owned by a transmission owner that performs the obligations of a transmission operator.

The Board also withdrew its adoption of VAR-001-6 – Voltage and Reactive Control, which sought to retire Requirement R2 on the basis of redundancy as part of NERC’s Standards Efficiency Review. However, FERC issued a notice of proposed rulemaking expressing concern that this requirement is the only one that

“explicitly requires transmission operators to schedule reactive resources.” With this withdrawal, VAR0018-5, including Requirement R2, remains in place.

The Board also received an update on Reliability and Security Technical Committee (RSTC) activities. RSTC Chair Greg Ford provided a presentation on the [committee’s transition plan work](#), including 2020 initiatives: Transition Planning and Implementation; RSTC and Subgroup Structure Evaluation; Review, Update, Develop Reliability Guidelines and Reference Documents; and Coordination with the Reliability Issues Steering Committee.

Board presentations are located on the Board of Trustees [agenda page](#) on NERC’s website. The next Board meeting is August 20 via WebEx.

Resource Developed to Help Organizations Update Pandemic Response Plans

The COVID-19 pandemic has resulted in unprecedented challenges for utility planning, operations, and response, prompting organizations to review existing or create epidemic/pandemic-response plans. To assist in these efforts, the North American Transmission Forum (NATF), the North American Electric Reliability Corporation (NERC), the U.S. Department of Energy (DOE), and the Federal Energy Regulatory Commission (FERC) jointly developed a resource to help utilities create, update, or formalize their plans.

The [Epidemic/Pandemic Response Plan Resource](#) focuses on planning/preparedness, response, and recovery activities for a severe epidemic/pandemic. Noting that these types of events are unpredictable, an effective response depends on flexible and scalable management strategies and preventative measures taken in advance of potential events.

“Pre-planning for events such as the current pandemic ensures staff is healthy and safe, while still sustaining their effectiveness,” said NERC Senior Vice President and Chief Engineer Mark Lauby. “This resource can provide a road map for organizations to create or supplement their existing plans.”

Due to the emergent need, the document provides examples and information specifically related to COVID-19, including aspects for “returning to normal.” This resource will be updated on a periodic basis over the next several months as the situation evolves.

“This work is a great example of electric industry response and coordination and a continuation of the NATF’s concerted efforts on resilience,” noted NATF President and CEO Tom Galloway. “We are dedicated to leveraging NATF processes and expertise to maintain and enhance the resource over time.”

The document is intended to be complementary to other pandemic resources and has a specific and granular focus on operational aspects. Though developed for electric transmission organizations, the information may be adaptable to other critical infrastructure sectors and subsectors.

FERC Director of Office of Energy Infrastructure Security Joe McClelland added, “I wish to thank the NATF, the DOE, and NERC for their partnership in producing this pandemic plan. FERC is committed to keeping America’s energy flowing and its critical infrastructure secure during this time of vital need. I believe that this resource will aid in the extraordinary efforts already being taken by energy providers during this unprecedented emergency and deeply appreciate their dedication to the American public.”

Response to White House Executive Order

The supply chain executive order launches a critical initiative to secure the bulk power system. Efforts outlined in the order will help support activities already underway in NERC’s supply chain standards and other work. The order is a positive step forward to improve reliability and security of the bulk power system supply chain. NERC looks forward to working with industry and government stakeholders toward effective implementation of the executive order.

[Executive Order](#) | [DOE Press Release](#) ■■■

Compliance

Compliance Guidance Update

A key factor in the success of compliance monitoring and enforcement of mandatory standards rests on a common understanding among industry and ERO Enterprise compliance monitoring and enforcement program (CMEP) staff of how they can achieve and demonstrate compliance. For many standards, this is straightforward. For others, a variety of approaches may achieve the same objective. Industry develops Implementation Guidance, for industry, and the guidance requires ERO Enterprise endorsement. This guidance provides examples for implementing a standard.

NERC posted one new proposed Implementation Guidance document—[MOD-025-2 Verification and Data Reporting of Generator Real and Reactive Power Capability and Synchronous Condenser Reactive Power Capability \(MRO SC\)](#)—to the [Compliance Guidance web page](#). ■■■

Reliability Risk Management

Webinar Resources Posted

NERC posted the [streaming webinar](#) and [slide presentation](#) for the April 29, 2020 [Risks and Mitigations for Losing EMS Functions Reference Document – Version 2.0](#) webinar. ■■■

Standards

With the implementation of the [Align Project](#) in 2020, there will be changes to the [Reliability Standards web page](#) and associated reports, including the One-Stop Shop, U.S. Effective Date Status/Functional Applicability spreadsheet and VRF and VSL matrices. NERC will provide more details in the coming months.

Align Project Update

The Align project aims to enhance the ERO Enterprise’s ability to share and analyze CMEP data in a way that is crucial to the security and reliability of the bulk power system. The project team is planning a Release 1 go-live in Q1 2021 with two pilot regions (i.e., MRO and Texas RE) and select registered entities. The team will share

more information on the staged rollout approach in the coming months.

Align Release 1 will include self-reporting/self-logging, enforcement processing and mitigation functionality. It will also include the deployment of the ERO Secure Evidence Locker (ERO SEL). The ERO SEL will be used to collect registered entity-provided evidence as part of the ERO Enterprise's CMEP activities. The ERO SEL will greatly improve the security of how the ERO Enterprise collects, manages, and disposes of sensitive information, with construction scheduled to begin this summer, pending FERC approval of the cost. Please view the [March stakeholder presentation](#) to learn more about the SEL design and expected functionality.

The coming months are packed with communications and training activities to ensure that the ERO Enterprise and registered entities are fully prepared for a smooth transition to Align and the ERO SEL. The latest editions of the Align newsletters for the Regions and registered entities contain additional information on current and upcoming project activities and are available on the [Align project page](#).

Please email AskAlign@nerc.net with any additional questions. The project team updates the [Align FAQs page](#) with answers to questions received on a weekly basis.

Webinar Resources Posted

NERC has posted resources for several recent webinars:

- **Project 2016-02 – Modifications to CIP Standards:** [Virtualization Overview Webinar](#) | [Streaming Webinar](#) | [Slide Presentation](#)
- **TPL-001-5 Requirement Training Webinar** | [Streaming Webinar](#) | [Slide Presentation](#)
- **Project 2016-02 – Modifications to CIP Standards: CIP-005 and Zero Trust Webinar** [Streaming Webinar](#) | [Slide Presentation](#)
- **Project 2016-02 – Modifications to CIP Standards | External Routable Connectivity and Interactive Remote Access Webinar** | [Streaming Webinar](#) | [Slide Presentation](#)
- **Project 2019-03 – Cyber Security Supply Chain Risks Industry Webinar** | [Streaming Webinar](#) | [Slide Presentation](#)

Deadline Extended for Project 2020-04 – Modifications to CIP-012 SAR Drafting Team Nomination Period

Standards staff is seeking nominations for Project 2020-04 – Modifications to CIP-012 SAR drafting team members. The due date has been extended, and is now open through 8 p.m. Eastern, **June 11, 2020**. By submitting a nomination form, you are indicating your willingness and agreement to participate actively in face-to-face meetings and conference calls. Use the [electronic form](#) to submit a nomination. Contact [Linda Jenkins](#) regarding issues using the electronic form. An unofficial Word version of the nomination form is posted on the [Standard Drafting Team Vacancies](#) page and the [project page](#).

Deadline Extended for Project 2020-03 – Supply Chain Low Impact Revisions Standard Drafting Team Nomination Period

Standards staff is seeking nominations for Project 2020-03 – Supply Chain Low Impact Revisions drafting team members. The due date has been extended, and is now open through 8 p.m. Eastern, **June 3, 2020**. By submitting a nomination form, you are indicating your willingness and agreement to participate actively in face-to-face meetings and conference calls. Previous drafting team experience is beneficial but not required. Use the [electronic form](#) to submit a nomination. Contact [Wendy Muller](#) regarding issues using the electronic form. An unofficial Word version of the nomination form is posted on the [Standard Drafting Team Vacancies](#) page and the [project page](#). The Standards Committee will appoint members to the drafting team by August 2020 and will notify nominees shortly after they are appointed. ■■■

Regional Entity Events

[Midwest Reliability Organization \(MRO\)](#)

- [Organizational Group Oversight Committee \(OGOC\)](#), June 24
- [Security Advisory Council Meeting](#), June 24
- [MRO Board of Directors Meeting](#), June 25

[Northeast Power Coordinating Council, Inc. \(NPCC\)](#)

- [Compliance Webinar](#), July 14

ReliabilityFirst (RF)

- [Reliability and Compliance Open Forum Call](#), June 15
- [Reliability and Compliance Open Forum Call](#), July 20

SERC Reliability Corporation

- [Q3 Open Forum Webinar](#), July 27
- [System Operator Conference #3](#), August 25–27

Texas RE

- [Talk with Texas RE](#), June 18

WECC

- [Board of Directors and Associated Meetings](#), June 17 ■■■

Upcoming Events

For a full accounting of NERC events, such as meetings and conference calls for standard drafting teams, other standing committees, subcommittees, task forces, and working groups, please refer to the [NERC calendar](#).

- **Finance and Audit Committee Informational Session and Webinar** – 1:00–3:00 p.m. Eastern, June 4, 2020 | [Register](#) | [Agenda Package](#)
- **Standards Committee Conference Call** – 1:00–3:00 p.m. Eastern, June 17, 2020 | [Register](#) ■■■

Filings

NERC Filings to FERC in May

May 14

Notice of withdrawal by NERC of its petition for approval of proposed Reliability Standard VAR-001-6. | [Withdrawal of proposed Reliability Standard VAR-001-6](#)

May 15

NERC submits an unaudited report of NERC’s budget-to-actual variance information for the first quarter 2020. This compliance filing is in accordance with FERC’s January 16, 2013 Order, which approved a Settlement Agreement between the FERC Office of Enforcement and NERC, related to findings and recommendations arising out of its 2012 performance audit. | [Compliance Filing in Response to January 2013 Order](#)

May 18

NERC and WECC submit a response to FERC’s data request regarding proposed regional Reliability Standard BAL-002-WECC-3 (Contingency Reserve). | [Response to Data Request regarding BAL-002-WECC-3](#) | [Attachment 1](#) | [Attachment 2](#)

May 29

NERC submits its Report of Comparisons of Budgeted to Actual Costs for 2019 for NERC and the Regional Entities. | [2019 Budget Trueup Report](#)

NERC Canadian Filings to FERC in May

May 12

NERC submits notice of filing an erratum to proposed Reliability Standard TPL-001-5 | [Notice of Filing of NERC of Erratum to TPL-001-5](#)

May 18

[Notice of Withdrawal of Proposed Reliability Standard VAR-001-6](#). ■■■

Careers at NERC

E-ISAC – Resilience Policy and Partnerships Coordinator

Location: Washington, D.C.

[Details](#)

E-ISAC – Director of Intelligence

Location: Washington, D.C.

[Details](#)

Manager, Cyber Security

Location: Atlanta

[Details](#)

Director, Information Technology Cyber Security

Location: Atlanta

[Details](#)

Reliability Standards Analyst

Location: Atlanta

[Details](#)

Accounting Manager

Location: Atlanta

[Details](#) ■■■