



Electric Reliability Update

JUNE 12, 2014

FERC

Technical Conference on Reliability of Bulk Power System June 10 - [FERC held a technical conference on policy issues related to the reliability of the bulk-power system](#). Several of the attendees expressed concern over the ramifications of the electric system's increasing dependence on natural gas and renewables. Panelists also raised concerns about EPA's recently proposed rules under Clean Air Act §§111(d) (for existing power plants) and 111(b) for new and modified power plants that will likely result in significant retirements of coal fired power plants. For example, NERC President and CEO Gerry Cauley suggested that more careful consideration is needed about how to replace grid reliability services provided by large, baseload power plants when they retire. For more information on these EPA proposed rules, see Van Ness Feldman's alerts regarding the [proposed existing source rule](#) and the [proposed modified source rule](#).

New BES Definition June 2 - FERC [accepted NERC's proposed revision](#) of the definition of "bulk electric system" in NERC's Rules of Procedure. NERC's filing was uncontested, and the new definition will be effective July 1, 2014.

FERC and NRC Joint Meeting on Grid Reliability May 28 - FERC and the Nuclear Regulatory Commission (NRC) held a [joint meeting](#) at which FERC, NERC, and NRC staff presented on topics including grid reliability, markets and extended loss of all AC power, and dam safety. The presentations are available [here](#) and a transcript of the meeting is available [here](#).

FERC Rejects AWEA Request for BES Rehearing May 21 - [FERC rejected a filing by the American Wind Energy Association \("AWEA"\)](#) regarding NERC's proposed definition of "Bulk Electric System." FERC noted that AWEA's filing, although captioned as a "request for reconsideration," was, in fact, a request for rehearing of the [Commission's March 20th Order approving the proposed revisions](#) to the definition of "bulk electric system;" because AWEA had failed to comply with the statutorily-imposed, thirty-day deadline for rehearing requests, FERC summarily rejected the filing.

NERC

NERC Requests Approval of Physical Security Standard May 23 - NERC submitted a [petition for approval](#) of proposed CIP-014-1 – Physical Security Reliability Standard, The proposed standard requires transmission owners and operators to identify and protect critical transmission stations and substations, and their associated primary control centers that, if rendered inoperable or damaged as a result of a physical attack, could result in widespread instability, uncontrolled separation or cascading within an interconnection. The petition complies with FERC's March 7, 2014 order requiring NERC to submit for approval within 90 days a proposed standard addressing physical security attacks against the Bulk-Power System.

Formal Comment Period Open for CIP V5 Revisions - A 45-day comment period for Revisions to Critical Infrastructure Protection Standards Version 5 (CIP V5) in [Project 2014-02](#) is open through July 16, 2014.

Draft Guidance on Cyber Security Standards Transition June 10 - NERC released [draft guidance for the transition to CIP v5](#), and [tables mapping similar requirements](#) from Version 3 to Version 5 of the CIP standards. The draft guidance is being circulated for review prior to final posting, and [comments are due by June 25](#).

Dates & Events

June 2014

- 12 Industry Webinar - [Disturbance Monitoring](#)
- 12 Industry Webinar – [TOP and IRO Revisions](#)
- 18 Industry Webinar – [Facility Ratings Alert](#)
- 19 Industry Webinar - [CIP V5 Revisions](#)
- 19 Industry Webinar – [Reliability Assurance Initiative update](#)
- 24 [Technical Conference on Emergency Operations](#), Ft. Worth, Texas
- 25 [Comments due](#) on NERC's draft guidance on transition to CIP v5

July 2014

- 1 Three [NERC Standards Become Enforceable](#) – FAC-003-3, MOD-026-1, MOD-027-1
- 14 [Responses due](#) on [proposed survey](#) on the scope of the term "BES Cyber Asset"

NERC Balloting & Comment Deadlines

June 2014

- 17 [Joint Ballot Pool Closes:](#)
Project 2014-03 – Revisions to TOP/IRO Reliability Standards
- 23 [Additional Ballot and Non-Binding Poll Closes and Comments Due:](#) Project 2007-11 – Disturbance Monitoring – PRC-002-2
- 23 [Comments Due:](#) Project 2008-02 – Undervoltage Load Shedding & Underfrequency Load Shedding – PRC-010, PRC-020, PRC-021, and PRC-022
- 23 [Comments Due:](#) Risk-Based Registration draft design framework.
- 30 [Additional Ballot and Non-Binding Poll Closes and Comments Due:](#) Project 2010-05.1 – Protection System: Phase 1 (Misoperations) – PRC-004

July 2014

- 1 [Joint Ballot Pools Close:](#)
Project 2014-02 – Critical Infrastructure Protection Standards Version 5 Revisions
- 2 [Ballot and Non-Binding Poll Closes and Comments Due:](#)
Project 2014-03 – Revisions to TOP/IRO Reliability Standards
- 16 [Ballot and Non-Binding Poll Closes and Comments Due:](#)
Project 2014-02 – Critical Infrastructure Protection Standards Version 5 Revisions

Reliability Assurance Initiative ("RAI") Group Releases Updated Self-Report and Mitigation Guides, as well as Comments Summary April 17 - NERC's RAI Group released a revised [ERO Self-Report User Guide](#) and [ERO Mitigation Plan Guide](#). Additionally, NERC also released a [Summary of Comments and Responses Received](#) on the drafts of these industry guides, which were posted for industry comment in January, 2014. The industry guides were developed in order to provide "greater transparency into the evaluation of risk associated with possible noncompliance and ensure appropriate remediation of such noncompliance." NERC grouped the comments received on these documents into the following categories: 1) implementation of a single Compliance Data System; 2) timeliness/promptness of available information; 3) categories of risk; 4) creation of a "no risk" category; and 5) Mitigation Plan requirements.

Revised Voltage and Reactive Reliability Standards Proposed for FERC Approval June 9 - [NERC submitted a petition for FERC approval of proposed reliability standards](#) VAR-001-4 (Voltage and Reactive Control) and VAR-002-3 (Generator Operation for Maintaining Network Voltage Schedules). According to NERC, the updated standards are intended to replace and improve upon the existing standards, which NERC proposes to retire when the revised standards become effective. The new standards will work in concert to require Transmission Operators to specify system-wide voltage or Reactive Power schedules and to coordinate with Generator Operators, who will be allowed additional flexibility to deviate—when necessary to protect reliability and prevent equipment damage—from voltage or Reactive Power schedules without the burdensome communication requirements in previous VAR standards.

NERC Petitions for Amendments to Delegation Agreement with SERC June 6 - NERC [filed with FERC proposed amendments](#) to the delegation agreement between NERC and the SERC Reliability Corporation. NERC indicates that the amendments are to support SERC's application for tax-exempt status (shifting to a North Carolina nonprofit corporation, from Alabama) and to clarify SERC governance matters.

Errata Notice to Proposed Reliability Standard PRC-005-3 (Protection System and Automatic Reclosing Maintenance) June 4 - The filing is [available here](#).

NERC Revisions to VSLs for Protection System Maintenance Standards June 4 - NERC [filed with FERC proposed changes](#) to its Violation Severity Levels (VSLs) for Protection System Maintenance Standards PRC-005-02 and PRC-005-03. The proposed changes respond to previous FERC instructions to designate a failure to include station batteries in a time-based maintenance program as a "severe" violation.

NERC Budget True-Up Filing May 30 - NERC submitted to FERC a [Report of Comparisons of Budgeted to Actual Costs for 2013 for NERC and the Regional Entities](#).

NERC Submits Quarterly Nuclear Restart Compliance Filing, Requests Discontinuation of Filing Requirement May 30 - NERC submitted a redacted [quarterly informational filing regarding the time-frame required to restore power to the auxiliary power systems of U.S. nuclear power plants following a blackout](#) - a report that was required by Order No. 693. In addition, NERC has [requested permission to cease providing the informational filing](#). NERC argues that reliability standards developed since Order No. 693 and the 25 quarters of data that NERC has collected on existing power plants justifies discontinuation of the filing requirement.

NERC Enforcement Filings May 29 - [NERC filed with FERC](#) a spreadsheet notice of penalty detailing 6 violations of 5 reliability standards by 4 entities, and two separately-docketed enforcement proceedings. Additionally, [FERC declined to review](#) NERC's April penalty filings.

Cybersecurity and Grid Security

Transcript for CIP v5 Technical Conference Available June 5 - The full [transcript from FERC's April 29 Technical Conference on Version 5 of the Critical Infrastructure Protection Reliability Standards](#) is now available.

**Selected Regional
Compliance / Training
Events**

June 2014

23-26 [SPP Systems Operations
Conference](#)

July 2014

22 [SERC Summer Regional
Meetings](#)

National Institute of Standards and Technology ("NIST") Releases Summary of Privacy Engineering Workshop May 21 - [NIST released a summary of its Privacy Engineering Workshop](#) that was held over the course of April 9 and 10. Over 240 specialists in the legal, policy, and technical aspects of privacy participated, as well as over 100 more via webcast. One of the key objectives of the workshop was to "explore the proposition that development of privacy framework components analogous to other engineering fields would enable the creation of reusable, standards-based tools and practices for developers." As a result of the workshop, NIST is preparing a document containing draft policy objectives and underlying components for discussion at a future, second workshop.

Congress

Cybersecurity Workforce Legislation introduced - Two bills were introduced in the Senate to promote cybersecurity workforce in the Federal government. Sen. Tom Carper (D-Delaware), introduced [S. 2354, the DHS Cybersecurity Workforce Recruitment and Retention Act of 2014](#), which would give the Secretary of Homeland Security hiring and compensation authorities for cybersecurity experts like those of the Secretary of Defense. Sens. Michael Bennet (D-CO) and Rob Portman (R-OH) introduced [S. 2372, the Federal Cybersecurity Workforce Assessment Act](#), which would strengthen the federal cybersecurity workforce with a uniform classification system that will help agencies identify and address personnel shortages.

Bipartisan Group of Senators Introduces Bill to Deter Cyber-Espionage May 22 - A Bipartisan group of Senators including Carl Levin, John McCain, Jay Rockefeller, and Tom Coburn has introduced the "[Deter Cyber Theft Act of 2014](#)," a bill that would require the President to develop a watch list of foreign countries that engage in economic or industrial cyber-espionage and cyber-theft against the United States. The bill would also authorize the U.S. to use the International Emergency Economic Powers Act to freeze the assets of countries that engage in, support, or benefit from cyber-espionage or cyber-theft.

Regional Developments

Douglas PUD Violates Water Quality Standards Due to Peak Reliability Directive May 30 - Public Utility District No. 1 of Douglas County, Washington (Douglas PUD) advised FERC in a [filing](#) that its Wells Hydroelectric Project violated Washington State water quality standards for total dissolved gas as a result of its compliance with two directives to reduce generation issued by its Reliability Coordinator, Peak Reliability. Peak Reliability issued the operating directives to reduce the threat of transmission overload conditions within the Mid-Columbia after a wildfire rendered inoperable several transmission lines used by the Wells Project.

TRE Unveils 2014 Strategic Plan - The Texas Reliability Entity [released its strategic plan for 2014](#). The plan sets organizational goals and objectives for standard-setting, enforcement, compliance, reliability risks, collaboration and cooperation, and complementing the roles of the Public Utility Commission of Texas and ERCOT.

About Us

The Van Ness Feldman Electric Reliability Update is published by [Andrew Art](#), [Malcolm McLellan](#) and [Gabe Tabak](#), with assistance from [Chris Zentz](#), [Ilan Gutherz](#), [Tom Hutton](#), and [Van Smith](#).

[Van Ness Feldman](#) counsels, advises and trains a wide range of clients on reliability matters. Please [email us](#) or call us at 202.298.1817 or 206.829.1814 for additional information.

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