



## **Dates & Events**

### **August 2014**

- 19 [Comments due](#) on Peak Reliability draft strategic plan
- 21 Industry Webinar – [Disturbance Monitoring](#)

### **September 2014**

- 11 [NERC 2014 Reliability Leadership Summit](#), Washington, DC
- 15-16 [NIST Privacy Engineering Workshop](#), Tampa, FL
- 16-18 NERC [Fall 2014 Compliance Workshop](#) for Regional Entities, Atlanta, GA
- 22 [Comments due to FERC](#) on CIP-014-1 (Physical Security) NOPR
- 23-24 NERC [Monitoring and Situational Awareness Conference](#), Audubon, PA
- 23-25 NERC [Standards and Compliance Workshop](#), Atlanta, GA
- 29 [Comments due to FERC](#) on PRC-005-3 (Protection System and Automatic Reclosing Maintenance) NOPR

# Electric Reliability Update

AUGUST 14, 2014

## **FERC**

**FERC Approves Second Settlement in 2011 Blackout** - August 7 - FERC [issued an order approving a stipulation and consent agreement](#) between NERC, FERC's Office of Enforcement, and Imperial Irrigation District (IID) resolving the investigation into IID's possible violations of reliability standards in the September 8, 2011 Southwest blackout. Under the terms of the settlement, IID will implement mitigation and compliance measures to prevent future violations, pay \$1.5 million to the U.S. Treasury and \$1.5 million to NERC, and either install \$9 million of energy storage grid enhancements by the end of 2016 or pay the balance of that amount as an additional penalty to NERC and FERC. The blackout resulted in power loss to over 5 million customers in California, Arizona, and Mexico. FERC [previously announced](#) a settlement with Arizona Public Service in July 2014.

**FERC Errata Notice for MOD Standards NOPR** - August 6 - FERC issued an [errata notice](#) for its [NOPR](#) proposing to approve reliability standard MOD-001-2, which deals with determinations of Available Transfer Capability and Available Flowgate Capability. Comments on the NOPR are due on August 25.

**FERC Letter Order Approves VAR Standards** - August 1 - FERC issued a [letter order](#) approving [NERC's petition](#) for approval of proposed reliability standards VAR-001-4 (Voltage and Reactive Control) and VAR-002-3 (Generator Operation for Maintaining Network Voltage Schedules). The new standards will become effective on October 1, 2014, and will replace and improve upon the existing standards. 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.

**FERC Approves SERC Bylaw Amendments** - July 29 - [In an unpublished letter order, FERC approved bylaw amendments](#) submitted by [SERC on June 6, 2014](#). The bylaw amendments are intended to aid SERC in qualifying for tax-exempt status and clarify certain SERC-specific governance matters.

**FERC Accepts NERC Budget Comparison Report** – July 29 – FERC [accepted](#) NERC's uncontested filing for NERC and its Regional Entities.

## **NERC**

**NERC Releases Final 2015 Business Plan and Budget; Participation in CRISP Included in Budget** - August 5 - [NERC released its final 2015 business plan and budget](#), which includes additional funding to allow NERC to assume the role of program manager for the Department of Homeland Security's (DHS) Cyber Risk Information Sharing Program (CRISP). CRISP is a voluntary program to facilitate the exchange of detailed cybersecurity information between electric utilities, the Electricity Sector Information Sharing and Analysis Center (ES-ISAC), the US Department of Energy (DOE), and Pacific Northwest National Laboratory (PNNL), to enable electric power critical infrastructure operators to better protect their networks from sophisticated cyber threats. The program uses passive sensors to collect and transmit cybersecurity information for analysis. Five utilities have already been using the technology on a pilot basis, but NERC states that CRISP will soon be expanding to 28 additional utilities.

**NERC Submits Interim Report on Effects of Revisions to Proposed Reliability Standard BAL-001-2** - July 31 - [NERC filed with FERC an informational filing](#) that contains a preliminary field trial report evaluating the effects of the revisions to proposed reliability standard BAL-001-2. The report notes that the field trial results demonstrate that Requirements R1 and R2 drive corrective actions that support

## **NERC Balloting & Comment Deadlines**

### **August 2014**

- 14 [Comments Due](#): Project 2010-14.2 – Periodic Review of BAL Standards – BAL-005 and BAL-006
- 15 [Initial Ballot and Non-Binding Poll Closes and Comments Due](#): Project 2009-03 – Emergency Operations – EOP-011-1
- 25 [Initial Ballot Closes and Comments Due](#): Project 2014-01 – Standards Applicability for Dispersed Generation Resources – PRC-004

### **September 2014**

- 12 [Additional Ballot and Non-Binding Poll Closes and Comments Due](#): Project 2007-17.3 – Protection System Maintenance and Testing – Phase 3 (Sudden Pressure Relays) – PRC-005-X
- 19 [Additional Ballots and Non-Binding Polls Close and Comments Due](#): Project 2014-03 – Revisions to TOP/IRO Reliability Standards
- 30 [Order No. 754 Data Due](#) – Transmission Planners Must Report Data for Buses Operated at 100 kV or Higher and Below 200 kV

interconnection-wide frequency and reliability. Because the report was filed for informational purposes, NERC did not request that FERC take any action on the filing.

**NERC Status Report on Flashover Distance** - July 31 - NERC submitted an [interim status report](#) on its testing to develop empirical data regarding the flashover distances between conductors and vegetation to calculate the minimum vegetation clearance distances ("MVCD"). FERC had required NERC to undertake in Order No. 777. The filing notes that NERC has assembled an advisory team and developed a detailed test plan and provides an update on testing.

**NERC Releases Risk-Based Registration Framework and Implementation Plan** - July 16 - NERC released its [Risk-Based Registration Framework and Implementation Plan](#) wherein NERC presents a draft design framework containing proposed enhancements to NERC's registration program. In particular, the draft framework includes: (i) refined thresholds, where warranted, (ii) reduced Reliability Standard applicability, where warranted, and (iii) clearly defined terms, criteria and procedures that are risk-based and ensure reliability of the BPS, as anchored in the new Bulk Electric System (BES) Definition. According to NERC, the proposed enhancements also "reduce unnecessary burdens by all involved, while preserving BES reliability, and avoid causing or exacerbating instability, uncontrolled separation, or cascading failures."

**NERC Enforcement Filings** July 7 - [NERC filed with FERC](#) a spreadsheet notice of penalty detailing 28 violations of 7 reliability standards by 9 entities, and two separately-docketed enforcement proceedings.

## **Cybersecurity and Grid Security**

**NIST Issues Update on Cybersecurity Framework** - July 31 - The National Institute of Standards and Technology [issued an update to its voluntary cybersecurity framework](#), which was released in February 2014. The update details NIST's efforts to increase awareness, encourage use, provide assistance, and gain feedback on the framework. Additionally, NIST cites progress on specific issues flagged in the February roadmap (released alongside the framework), including authentication, cybersecurity workforce development, data analytics, and supply chain risk management. Lastly, NIST announced two upcoming cybersecurity workshops. A [privacy engineering workshop](#) will be held in San Jose, CA on September 15-16, 2014, and a [workshop on the overall cybersecurity framework](#) will be held in Tampa, FL on October 29-30, 2014.

## **Congress**

**Carper Cybersecurity Bill Placed on Senate Calendar** - July 31 - The [National Cybersecurity and Communications Integration Center Act of 2014 \(S. 2519\)](#), a bill introduced by Tom Carper (D-Del.), the Chairman of the Senate Committee on Homeland Security and Governmental Affairs has been added to the Senate Legislative Calendar under "General Orders." The bill, which was previously approved with amendment by the Homeland Security Committee, would codify authority for the existing cybersecurity and communications operations center at the Department of Homeland Security (DHS), known as the National Cybersecurity and Communications Integration Center.

**House Passes Cybersecurity Legislation** - July 28 - The House of Representatives [passed four cybersecurity-related bills](#): (1) [H.R.3696 - National Cybersecurity and Critical Infrastructure Protection Act](#) (sponsored by Rep. Michael McCaul (R-TX-10), and promoting public and private information sharing and expanding liability protections for technology providers in the event of a cyberattack); (2) [H.R.3635 - Safe and Secure Federal Websites Act](#) (sponsored by Rep Kerry Bentivolio (R-MI), and addressing the protection of personal information on federal websites); (3) [H.R.2952 - Critical Infrastructure Research and Development Advancement Act](#) (sponsored by Rep. Patrick Meehan (R-PA), and providing for an R&D strategy for cybersecurity technology development to protect critical infrastructure); and (4) [H.R.3107 - Homeland Security Cybersecurity Boots-on-the-Ground Act](#) (sponsored by Rep. Yvette Clark (D-NY), and calling for the development, recruitment and retention of federal cybersecurity workers). The bills now move to the Senate Committee on Homeland Security and Governmental Affairs for consideration.

**Selected Regional  
Compliance / Training  
Events**

**August 2014**

14 [SERC CIP V5 Webinar](#)

**September 2014**

5 [SERC CIP V5 Webinar](#)

11-12 [NPCC Compliance  
Committee Meeting](#)

30 [RF 2014 Fall Reliability  
Workshop](#)

**Additional Van Ness Feldman  
Publications**

[Climate, Energy, & Air Update –  
August 1 – 13, 2014](#)

[Federal Funding Opportunities  
Update – August 12, 2014](#)

[Hydro Newsletter – Vol. 8 – July 31,  
2014](#)

[Pipeline Safety Update – Issue No.  
81 – July 31, 2014](#)

**Regional Developments**

**Four NERC Regional Entities Revise 2015 Business Plans and Budgets** – August 6 & 7 – Four NERC Regional entities, including [Reliability First \(RF\)](#), [SERC Reliability Corporation \(SERC\)](#), [Western Electricity Coordinating Council \(WECC\)](#), and [Western Interconnection Regional Advisory Body \(WIRAB\)](#), have released their revised [Final Business Plan and Budgets](#) for 2015. Each budget report provides an overview of the regional entity and sets forth a 2015 Business Plan, including detailed explanations of goals and deliverables, expected expenses, sources of funding, and other expectations for the forthcoming year. 2015 Business Plan and Budgets are [scheduled](#) to be approved by the NERC Board of Trustees on August 14 and submitted to FERC and Canadian provincial authorities on August 25.

**WECC Posts 2013 State of the Interconnection Report** - Aug. 5 - WECC posted on its website its [2013 State of the Interconnection Report](#). Among the major findings contained in the report, WECC highlights that there were only 11 loss of load events in 2013 accounting for less than .001% of total load served during that period. WECC also highlights that there was a continued decline in event severity, which WECC asserts was partly attributable to the increased focus on key reliability issues spurred by the September 2011 desert southwest outage.

**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](#), 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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