



## Dates & Events

### January 2017

- 24 [Comments](#) on NOPR  
re: Essential Reliability  
Service due to FERC

# Electric Reliability Update

JANUARY 13, 2017

## FERC

**FERC Adjusts Civil Monetary Penalty Amounts** - January 9 - FERC issued an [interim final rule](#) to amend its regulations governing the maximum civil monetary penalties that can be imposed for violations of statutes, rules and orders within the Commission's jurisdiction. The penalties were adjusted for inflation, as required by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015. The rule will become effective upon publication in the Federal Register.

**FERC Approves Interpretation of "Shared BES Cyber Systems"** - December 27 - FERC issued a [letter order](#) approving the interpretation of the phrase "shared BES Cyber Systems" in Reliability Standard CIP-002-5.1a (Cyber Security - BES Cyber System Categorization). NERC states that the proposed interpretation clarifies that the phrase refers to discrete BES Cyber Systems that are shared by multiple generation units, and that evaluations pertaining to whether a BES Cyber System is shared should be performed individually to each BES Cyber System.

**FERC Approves Revisions to Violation Risk Factors** - December 14 - FERC issued a [letter order](#) approving the revisions of the Violation Risk Factors designations for Requirement R1 in Reliability Standard IRO-018-1 (Reliability Coordinator Real-time Reliability Monitoring and Analysis Capabilities) and Requirements R1 and R2 in Reliability Standard TOP-010-1 (Real-time Reliability Monitoring and Analysis Capabilities) from "medium" to "high."

## NERC

**2 New NERC Standards Become Effective** - January 1 - The following NERC Reliability Standards have an January 1<sup>st</sup> enforcement date:

- [IRO-010-2](#): Ensuring the Reliability Coordinator has the data it needs to monitor and assess the operation of its Reliability Coordinator Area.
- [TOP-003-3](#): Ensuring that the Transmission Operator and Balancing Authority have data needed to fulfill their operational and planning responsibilities.

**NERC Penalty Activity** - December 29 - NERC filed with FERC a [spreadsheet](#) Notice of Penalty resolving 139 violations of 26 Reliability Standards.

**NERC Releases Strategic Plan** - December 21 - In its role as the designated Electric Reliability Organization, NERC released its [Enterprise Strategic Plan and Metrics 2017-2020](#) outlining the methods used to measure progress on reliability by mapping associated metrics and risk profile recommendations to 5 goals. The Strategic Plan goals are: risk responsive Reliability Standards; objective and risk-informed compliance monitoring, enforcement, and organization certification and registration; identification and mitigation of significant risks to reliability; identification and assessment of emerging risks to reliability; and effective and efficient ERO Enterprise operations.

**NERC Submits Reliability Standards Development Plan** - December 16 - NERC submitted to FERC an informational filing in accordance with Section 310 of the NERC Rules of Procedure of the [2017-2019 Reliability Standards Development Plan](#) (2017 Development Plan). The 2017 Development Plan provides an update on active projects, analyzes completed projects, and forecasts the coordination needed between industry and NERC in the upcoming year. The NERC Standards Committee has assigned a designation of "high priority" to the following projects: Geomagnetic Disturbance Mitigation; Single Points of Failure TPL-001; Modifications to TOP and IRO Standards; Modifications to CIP Standards; and Cyber Security Supply Chain Management.

## **NERC Balloting & Comment Deadlines**

### **January 2017**

- 20 [Comments Due](#): Project 2013-03 – Geomagnetic Disturbance Mitigation – SAR
- 25 [Initial Ballots and Non-binding Polls and Comments Due](#): Project 2016-02 – Modifications to CIP Standards – CIP-003-7(i), Implementation Plan, and 2 Definitions

### **February 2017**

- 23 [Comments Due](#): Project 2016-EPR-01 – Enhanced Periodic Review of PER Standards– Templates for PER-003-1 and PER-004-2

**NERC Submits Informational Filing on Supply Chain Risk Management** - December 15 –NERC submitted to FERC an informational filing to address compliance with Order No. 829 (Order). The 2016 Order directed NERC to submit a new or modified Reliability Standard addressing supply chain risk management for industrial control system hardware, software, and computing and networking services associated with bulk electric system operations within one year of the effective date of the Order, which is September 27, 2017. The [project plan](#) that was filed sets forth NERC’s activities and anticipated milestones for meeting the September 27, 2017 deadline.

**NERC Releases 2016 Long-Term Reliability Assessment** - December 15 - NERC released its [2016 Long-Term Reliability Assessment](#) (Assessment) providing a perspective of the generation, resources, and transmission system adequacy needed over the next decade. While the Assessment concludes that anticipated reserve margins are sufficient, natural gas dependency and distributed energy resources are among the most pressing issues facing the bulk power system.

## **Congress**

**Power Bill on Defense Against Cyberattacks Reintroduced in Senate** - January 10 - In light of new reports that the Ukraine grid has been attacked again, a bipartisan group of senators reintroduced [legislation](#) mandating a study of how to make the electricity grid less connected, and thus less vulnerable to a massive cyberattack. Under this bill, that was first introduced last year, the National Laboratories would study “retro,” or analog, technologies to isolate the most critical systems from hackers.

## **Other Developments**

**U.S. and Mexico Agree to Promote Electricity Reliability of Interconnected Power Systems** - January 7 - FERC Chairman Bay and Secretary of Energy Moniz signed a [non-binding foundational document](#) intended to support a continued effort by both countries to assure reliability as the electricity grids in America and Mexico become increasingly interconnected. The bill was also signed by Mexico’s Energy Regulatory Commission Chairman, Guillermo Ignacio Garcia Alcocer and the Director of Mexico’s National Center for Energy Control, Eduardo Meraz Ateca. The goal is to improve the integration of the U.S. and Mexican electric systems so that they are as well integrated to mutual benefit at the U.S. and Canadian electricity systems are. NERC will play a key role in maintaining reliability.

## **About Us**

The Van Ness Feldman Electric Reliability Update is published by [Malcolm McLellan](#), [Van Smith](#), [Gabe Tabak](#), [Darsh Singh](#), [Tyler Elliott](#), and [Michael Weiner](#). [Van Ness Feldman](#) counsels, advises and trains a wide range of clients on reliability matters. Please [email us](#) or call us at 206.829.1814 or 202.298.1800 for additional information. Click [here](#) to sign up for the Reliability Update. Follow us on Twitter @VANNESSFELDMAN

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