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News Media Contact

Craig Cano | 202-502-8680

Docket No. RM14-15-000

FERC Proposes to Approve Physical Security Reliability Standard

The Federal Energy Regulatory Commission (FERC) today took further steps to enhance the physical security for the most-critical Bulk-Power System facilities and reduce the overall vulnerability of the grid to attacks. In a Notice of Proposed Rulemaking (NOPR), FERC proposed to approve the physical security Reliability Standard (CIP-014-1) submitted by the North American Electric Reliability Corporation (NERC) and to direct NERC to develop two modifications.

In a March 7, 2014, order, FERC determined that existing Critical Infrastructure Protection (CIP) Reliability Standards did not specifically require entities to reasonably protect against physical attacks that could have an adverse impact on reliable operation of the grid. The order directed NERC to develop and submit new Reliability Standards that require owners and operators of the Bulk-Power System to: perform a risk assessment of their systems to identify critical facilities; evaluate potential threats to, and vulnerabilities of, those facilities; and develop and implement a security plan to protect against attacks on those facilities.

The NOPR finds that the proposed Reliability Standard largely satisfies the directives in the March order. However, the Commission proposes to direct NERC to develop a modification that would specifically allow governmental authorities, including FERC or another appropriate federal or provincial authority, to add or subtract facilities from an entity's list of critical facilities. The draft NOPR states that the Commission anticipates that a procedure to allow governmental authorities to add or subtract facilities would be exercised only rarely. The NOPR seeks comment on the Commission's proposal to direct NERC to modify the standard to include such capability.

In the second proposed modification, the Commission would direct NERC to revise wording that it believes could narrow the scope and number of identified critical facilities. Specifically, the NOPR seeks comment on the Commission's concern that NERC's use of the phrase "widespread instability" rather than "instability," as stated in the March order, could create ambiguity since the term "widespread" is not defined.

The NOPR also proposes that NERC submit two informational reports to the Commission. In one proposed report, NERC would analyze whether the physical security Reliability Standard should be applicable to additional types of facilities, consistent with the scope of critical facilities under other Critical Infrastructure Protection ("CIP") standards. In a second proposed report, NERC would provide analysis on grid resiliency, exploring what, besides the steps required by the proposed Reliability Standard, can be done to maintain the reliable operation of the Bulk-Power System when faced with the loss or degradation of critical facilities.

"Today's NOPR is an important step toward protecting a critical element of our bulk electric system," said FERC Acting Chairman Cheryl LaFleur. "I appreciate the efforts of NERC and all those who worked on the standard to meet the ambitious deadline set in our regulatory directive."

Comments on the NOPR are due 45 days after publication in the *Federal Register*.

R-14-29

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