



**Federal Energy Regulatory Commission  
November 21, 2013  
Open Commission Meeting  
Staff Presentation  
Item E-2, E-3 & E-4**

“Good morning Mr. Chairman and Commissioners,

“Item E-2 is a draft Final Rule on the Version 5 Critical Infrastructure Protection Reliability Standards submitted by the North American Electric Reliability Corporation (NERC). The draft Final Rule approves the CIP version 5 Standards and nineteen new or revised definitions associated with the CIP version 5 Standards for inclusion in the Glossary of Terms Used in NERC Reliability Standards. The draft Final Rule also approves the implementation plan and effective dates proposed by NERC.

“Pursuant to the Commission’s authority under section 215(d)(5) of the Federal Power Act, the draft Final Rule directs NERC to remove or modify language in the CIP version 5 Standards that requires responsible entities to implement 17 requirements in a manner to “identify, assess, and correct” deficiencies because that language, as proposed, is unduly vague and ambiguous. Further, the draft Final Rule directs NERC to address the lack of objective criteria from which to determine the adequacy of security controls for required procedures pertaining to “Low Impact” BES Cyber Systems. Pursuant to the Final Rule, NERC must also develop Reliability Standards that address the risks posed by transient devices, such as thumb drives and laptop computers. The draft Final Rule also directs Commission staff to convene a technical conference to discuss and assess cyber security issues relating to the protection of nonprogrammable components of communications networks, remote access, communications security, and the NIST Risk Management Framework.

“Robert Stroh will now discuss agenda items 3 and 4.

“Good morning Mr. Chairman and Commissioners,

“Item E-3 is a draft Notice of Proposed Rulemaking addressing NERC’s proposed revisions to the Transmission Operations (TOP) and Interconnection Reliability Operations and Coordination (IRO) Reliability Standards. The draft NOPR proposes to remand the modified TOP and IRO standards. The draft NOPR recognizes that NERC’s proposed modifications provide organizational and administrative improvements over the current standards. However, the draft NOPR explains that NERC’s proposed revisions create reliability gaps in the standards that are critical to the reliable operation of the Bulk-Power System. For example, the draft NOPR indicates that NERC’s proposed revisions would no longer require entities to plan to operate within all system operating limits. In addition, the draft NOPR raises other questions regarding NERC’s proposed revisions and indicates that, depending on the explanations provided in draft NOPR comments, further modifications on remand may be directed. The draft NOPR also states that, given the interrelationship between the TOP and IRO Reliability Standards, a remand of both sets of standards will enable NERC to more comprehensively consider modifications to the standards that would address the reliability concerns identified in the draft NOPR. Finally, the draft NOPR proposes to approve NERC’s proposed revision to Reliability Standard TOP-006-3 that were submitted separate from the comprehensive modifications to the TOP standards that are the subject of the proposed remand.

“Item E-4 is a draft Final Rule on NERC’s proposal to retire requirements in Reliability Standards,

sometimes referred to as the “Paragraph 81” project. The draft Final Rule approves the retirement of 34 requirements within 19 Reliability Standards, as proposed by NERC in its February 28, 2013 petition. In addition, the draft Final Rule adopts the NOPR proposal to withdraw 41 outstanding Commission directives that would have required NERC to develop modifications to Reliability Standards. The draft Final Rule finds that the 41 outstanding directives are no longer necessary because they are either redundant with another directive or have been adequately addressed in some other manner.

“This concludes our team’s presentation, we are happy to take any questions.”