

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Reliability Technical Conference

Docket No. AD19-13-000

**WRITTEN STATEMENT OF TIMOTHY R. GALLAGHER,  
PRESIDENT & CEO OF RELIABILITYFIRST CORPORATION**

Chairman Chatterjee, Commissioners, staff, and fellow panelists, on behalf of ReliabilityFirst Corporation (ReliabilityFirst), I appreciate the opportunity to participate in today's conference to discuss policy issues related to the reliability of the Bulk Electric System. My name is Tim Gallagher and I am the President and CEO of ReliabilityFirst. ReliabilityFirst is one of the Commission-approved Regional Entities (Regions) that support the North American Electric Reliability Corporation (NERC) in its role as the Electric Reliability Organization. During my participation on this panel, I will provide a regional perspective on the topics provided by the Commission.

**A. Significant Trends and Risks from NERC State of Reliability Report**

The Regions share the ERO-wide risk priorities identified in NERC's State of Reliability Report, and I will highlight some of the significant risks from that report. First, though, I want to note that reliability and security risks vary across the Regions, due to each Region's unique geographic location and electrical and load configurations. For example, the ReliabilityFirst and MRO regions' entities encounter cold weather performance issues; the WECC region faces risks associated with inverter-based resources; NPCC is addressing longer-term fuel sufficiency issues; and SERC continues to experience increased severe weather events. To account for these variations, the Regions conduct Regional Risk Assessments to prioritize the NERC Risk Elements facing our individual footprints, and to include unique regional risks and

considerations. This is one of the tangible benefits of the delegated model that forms the basis of the ERO and demonstrates the value of having complementary and supplemental Regional analyses, which gives us the ability to identify very specific risks particular to our footprint, and work closely with industry to identify avenues to address those risks.

Regarding ERO-wide risks facing the industry, cyber and physical security continues to be a major area of focus. While many entities have successful CIP programs, we have also seen entities face challenges in this area, given the rapidly evolving threats. We must stay vigilant and constantly work to identify and mitigate emerging cyber risks before they are realized. I'm proud of the Regions' work to date with entities to help turn around deficient CIP programs and cultures, and extensive outreach efforts such as assist visits, workshops, and reports. Another key ERO-wide risk area involves the interdependencies and complexities surrounding gas-electric coordination, deployment of new technologies, and the changing nature of our power system. The positive opportunity before us is that as the power system changes we can be proactive in its design to address new or emerging risks.

## **B. Addressing the Risk of High Impact, Low Frequency Events**

NERC and the Regions play a key role in addressing the risk of high-impact, low-frequency events such as catastrophic gas pipeline contingencies and electromagnetic pulses. It is important to study these risks, and share our knowledge across the industry and with policymakers (one example of these efforts is NERC's [Special Reliability Assessment on Potential Bulk Power System Impacts Due to Severe Disruptions on the Natural Gas System](#)). Specifically, NERC and the Regions can provide value by studying these areas to: (1) identify emerging risks and common failure modes; (2) identify preventive measures and mitigating

actions for those emerging risks and common failure modes; and (3) identify the root causes and lessons learned from events.

Efforts to enhance the resilience of the electric grid are also necessary to help withstand and recover from high-impact, low-frequency events when they do occur, and NERC and the Regions have increased this focus on resilience in recent years. For instance, ReliabilityFirst is currently working on resilience metrics and a tool that can help entities assess their strength in industrial control system resilience, while NPCC is assessing the reliability enhancements of pre-positioning the system in a more secure state.

### **C. Considerations Regarding Regional Entity Structure**

The recent Regional Entity changes have helped levelize the size and risk profiles of the Regions, and better position the Regions to perform our critical roles to ensure the reliability and security of the grid. I can also say with confidence that the Regions will always engage in continuous improvement, and further enhancing our efficiency, effectiveness, and consistency – one current effort is the “Align” project, which will create one common Compliance Monitoring and Enforcement Program tool across the ERO Enterprise.

The Regional, “boots on the ground” model enhances reliability and security in numerous, important ways. I spoke earlier regarding the fact that risks vary across the Regions due to the distinctive geographic and electrical configurations and realities of each Regional footprint. As such, the Regions serve as the experts for the evolving risks and varying issues facing their particular areas of the country. Moreover, the Regions have over a decade of firsthand experience from thousands of engagements with entities on how best to mitigate these risks and drive continuous improvements across their respective footprints. This includes

important activity that occurs outside of the traditional compliance monitoring and enforcement context. For example, several Regions have vibrant stakeholder committee structures with subject matter experts that help to understand, develop, and communicate matters of importance impacting reliability, security, and resiliency. The Regions also continue to provide timely, targeted, and pragmatic training and assistance on historic and emerging risks germane to their respective footprints (or to subsets of power companies within their footprints).

This focused expertise, combined with extensive experience, allows the Regions to perform our compliance monitoring, enforcement, analysis, and outreach activities with credibility and excellence.

**D. Identifying and Addressing Evolving Threats, Including When to Create or Modify a Standard**

As we all know, the threats to the grid are rapidly evolving, and we must work to stay ahead of these threats to ensure reliability and security. The Regions live on the front lines of reliability and are well equipped to identify threats from various inputs, including event analysis, compliance monitoring and enforcement activities, reliability assessments, and data analytics.

Once we identify a threat, we should prioritize all the tools available to us to address it, including Standards. Standards are essential to our reliability mission and are especially appropriate for addressing widespread, well understood risks where ensuring uniform performance is important. Additionally, NERC and the Regions have successfully utilized industry alerts, lessons learned, assist visits, training and education, and increased compliance monitoring to communicate and ensure mitigation of emerging or rapidly evolving threats.

This concludes my remarks. Thank you.