

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

Reliability Technical Conference

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Docket No. AD19-13-000

**Statement of Jennifer Sterling  
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on Behalf of The Edison Electric Institute**

**June 27, 2019 Reliability Technical Conference  
Panel I: Status of the Electric Reliability Organization and Reliability**

Good Morning, I am Jennifer Sterling, the Vice President of NERC Compliance & Security for Exelon. On behalf of the Edison Electric Institute (“EEI”) and EEI’s members, thank you for the opportunity to participate in today’s technical conference and for providing a forum to discuss the status of the Electric Reliability Organization (“ERO”) and the reliability of the Bulk Electric System (“BES”).

Exelon's family of companies represents every stage of the energy value chain. Exelon’s six utilities deliver electricity and natural gas to approximately 10 million customers in Delaware, the District of Columbia, Illinois, Maryland, New Jersey and Pennsylvania through its Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and Pepco subsidiaries. Exelon is one of the largest competitive U.S. power generators, with more than 32,000 megawatts of nuclear, gas, wind, solar and hydroelectric generating capacity comprising one of the nation’s cleanest and lowest-cost power generation fleets. The company’s Constellation business unit provides energy products and services to approximately 1.8 million residential, public sector and business customers, including more than two-thirds of the Fortune 100 companies.

EEI is the association that represents all U.S. investor-owned electric companies. EEI members provide electricity for about 220 million Americans, and operate in all 50 states and the

District of Columbia. As a whole, the electric power industry supports more than 7 million jobs in communities across the United States. EEI's members are committed to providing affordable and reliable electricity to customers now and in the future.

EEI's diverse membership includes electric utilities that own and operate the electric grid. Delivering electricity to customers is the primary mission of EEI's members, which requires maintaining an affordable, reliable, and resilient grid. With respect to the specific reliability issues raised for discussion during this panel, I will focus on the pace of change to the grid, the need for coordination and information sharing and protection to support grid reliability.

**1. The pace of change to the grid is the greatest challenge to maintaining reliability.**

Every day, the reliable operation of our grid is becoming more important to not only our customers, but also to national security. The greatest challenge the electric industry faces today for maintaining reliability is the pace of change to the grid. Our electric grid is changing rapidly due to new policies, customer preferences, and new technologies that seek to provide cleaner, more efficient electricity to customers. However, the threats—such as malicious actors seeking to access, control, and potentially disrupt our grid—are also increasing. Meanwhile the grid is becoming more dependent on other sectors including but not limited to manufacturers and service providers of cyber systems, communications, and fuel supply such as natural gas.

The introduction of mandatory Critical Infrastructure Protection Reliability Standards (“CIP” or “CIP Standards”) has established a comprehensive set of security standards to support reliability of the Bulk Power System. However, the pace of change to the mandatory CIP Standards has been, and continues to be, substantial since they originally became enforceable over ten years ago. Meanwhile, some of the current CIP requirements may not be flexible enough to keep up with new and evolving technologies such as cloud services and virtualization,

which will be discussed in greater detail in panel two. In addition to risk from new technologies, the Commission is focusing more on risks introduced by other sectors - such as natural gas and communications providers. We encourage the Commission to continue to proactively coordinate with these other industries and their respective regulators. EEI also encourages NERC and FERC to seek new and innovative approaches to address these changes, as the CIP Standards alone may be insufficient to address risks to reliability in a timely manner.

## **2. Coordination for effectiveness and efficiency is key to supporting grid reliability.**

The importance of the electric grid to the nation and its security underscores the need for coordination and collaboration among the entities that play a role in reliability and national security. On the regulatory side, the Commission should continue to work closely with NERC and the Regional Entities to monitor compliance and enforcement of the Reliability Standards and identify potential reliability risks through event analysis, performance observations, and other analysis activities. Once risks are substantiated, identifying the best approach to address this risk is critical. Reliability Standards are only one of the tools to support security. However, they may not always be the most expedient, effective, or efficient method to ensure the security of the grid.

For new risks, research and analysis will be needed to identify appropriate technical solutions. For example, at the end of April, the Electric Power Research Institute (“EPRI”) released their latest report on the impacts of Electromagnetic Pulses (“EMP”). NERC has since established an EMP task force to identify and address EMP reliability concerns. Specifically, the task force plans to 1) perform a detailed review of the EPRI report; 2) identify key areas of concerns and improvement; 3) submit best practices and reliability guidelines, as needed; and 4) develop any needed Standards Authorization Requests. While the EMP task force has an

aggressive schedule, the approach outlined is methodical and structured to ensure adequate analysis for managing the risks.

As many of the newer threats to reliability are related to national security concerns such as potential cyber and nuclear attacks, the Commission should also continue to work closely with those federal agencies responsible for national security. This includes the Department of Energy (“DOE”) and the Department of Homeland Security (“DHS”). The Commission’s collaboration with DOE for the March technical conference on security investments was a good start to ensure continued grid reliability.

**3. Information sharing and protection will continue to play an important role in reliability.**

The industry has, and continues to, invest significant resources in the Electricity Information Sharing and Analysis Center (“E-ISAC”), operated by NERC, to provide timely and voluntary sharing of security threat information. To encourage information sharing with the E-ISAC, industry must realize the value in their assistance. Industry executives are working with the E-ISAC on a multi-year plan to expand and strengthen the value of the E-ISAC. The E-ISAC’s biennial GridEx security exercise has been very successful in providing the industry opportunities to share experiences and lessons learned in how participants respond to and recover from simulated coordinated cyber and physical security threats and incidents. We encourage the Commission to continue supporting this effort. Success will require robust information sharing and collaboration between industry, NERC, and the federal government to identify risks and will require each of these entities to protect sensitive information.

**In conclusion,** I appreciate the opportunity to participate in this technical conference as it provides a needed forum to discuss the important issues associated with reliability. The Commission, NERC, and the industry all have a shared commitment to reliability of the BES.

We look forward to collaborating with the Commission, NERC, and stakeholders in considering solutions that support our collective efforts to ensure continued reliability and security.