



**Federal Energy Regulatory Commission
July 17, 2014
Open Commission Meeting
Staff Presentation
Items E-8, E-9 & E-10**

"Good morning Acting Chairman LaFleur and Commissioners,

"Today we will provide a summary of reliability Agenda items E-8, E-9 and E-10.

"Agenda item E-8 is a draft Notice of Proposed Rulemaking on the Physical Security Reliability Standard, CIP-014-1, submitted by the North American Electric Reliability Corporation (NERC) in response to an order issued by the Commission on March 7, 2014. The draft Notice of Proposed Rulemaking proposes to approve the Physical Security Reliability Standard, including the associated violation risk factors, violation severity levels, implementation plan and effective date.

"While proposing to approve the Physical Security Reliability Standard, the draft Notice of Proposed Rulemaking, pursuant to the Commission's authority under section 215(d)(5) of the Federal Power Act, proposes to direct NERC to develop two modifications to the Physical Security Reliability Standard. First, consistent with the March 7 Order, the draft Notice of Proposed Rulemaking proposes to direct NERC to modify the physical security Reliability Standard to include a procedure that allows applicable governmental authorities to add or subtract facilities from an applicable entity's list of critical facilities. Second, the draft Notice of Proposed Rulemaking proposes to direct NERC to remove the undefined term "widespread," as used in the phrase "widespread instability," from the Physical Security Reliability Standard. This term is undefined and adds an element of ambiguity to the proposed standard.

"In addition to the two proposed directives, the draft Notice of Proposed Rulemaking proposes to direct NERC to submit two informational filings. The first informational filing, which would be due six months following the effective date of a final rule in this proceeding, would address whether the development of Reliability Standards that provide physical security for all "High Impact" control centers, as that term is defined in current Reliability Standard CIP-002-5.1, is necessary for the reliable operation of the Bulk-Power System. The second informational filing, which would be due one year following the effective date of a final rule in this proceeding, would address the resiliency of the Bulk-Power System when confronted with the loss of critical facilities. The informational filing would explore what steps could be taken, in addition to those required by the proposed Physical Security Reliability Standard, to maintain the reliable operation of the Bulk-Power System when faced with the loss or degradation of critical facilities.

"The draft Notice of Proposed Rulemaking seeks comment on these proposals and other issues. Initial comments are due 45 days after publication of the Notice of Proposed Rulemaking in the Federal Register. Reply comments are due within 15 days following the initial comment due date.

"Agenda item E-9 is a draft Notice of Proposed Rulemaking that proposes to approve revised Reliability Standard PRC-005-3, Protection System and Automatic Reclosing Maintenance, requiring applicable entities to include certain autoreclosing relays as part of their protection system maintenance programs. The draft Notice of Proposed Rulemaking also proposes to direct NERC to submit a report two years after the effective date of the proposed Reliability Standard, based on actual performance data and simulated system conditions from planning

assessments, addressing whether the revised Reliability Standard applies to an appropriate set of autoreclosing relays. Finally, the draft Notice of Proposed Rulemaking proposes to direct NERC to modify the proposed Reliability Standard to include maintenance and testing of supervisory devices associated with applicable autoreclosing relays. Comments on the draft Notice of Proposed Rulemaking are due 60 days after its publication in the Federal Register.

“Agenda item E-10 is a draft Final Rule that approves new Reliability Standard PRC-025-1, governing generator relay loadability. The new Reliability Standard was developed in response to a Commission directive, and will enhance reliability by reducing the likelihood of premature or unnecessary tripping of generators during system disturbances. The draft Final Rule also approves revisions to the current Reliability Standard governing transmission relay loadability, in PRC-023-3, which clarify the applicability of the two Reliability Standards.

“This concludes our presentation, we are happy to take any questions you may have.”