



FERC Open Commission Meeting

January 23, 2020

Staff Presentation Items E-20, E-21, E-22 and E-24

Good morning Chairman and Commissioners,

Today we are presenting for your approval four reliability-related matters: Items E-20, E-21, E-22, and E-24.

Item E-20 is a draft order on NERC's five-year performance assessment filing. This performance assessment is the third such assessment filed by NERC as the Electric Reliability Organization, marking NERC's thirteenth year as the ERO. The draft order finds that NERC and the Regional Entities continue to satisfy statutory and regulatory criteria. The draft order recognizes the achievements NERC and the Regional Entities have made over the last five years, including NERC's risk-based approach that focuses ERO resources on matters of most significance to reliability. The draft order concludes that NERC continues to demonstrate its ability to develop and enforce Reliability Standards.

In addition, as with prior Commission orders on NERC performance assessment filings, the draft order identifies improvements that NERC or the Regional Entities must make. Specifically, the draft order provides directives regarding: NERC's Regional Entity oversight activities; the process for developing reliability guidelines; performance metrics for the Electricity Information Sharing and Analysis Center, known as the E-ISAC; sanction guidelines; and NERC's organization certification program. The directives in the draft order do not dictate how NERC or the Regional Entities should administer their responsibilities—instead, the directives seek to improve the effectiveness of the ERO and Regional Entity functions and programs by ensuring they are formalized and reflect how they currently operate. The draft order provides NERC 90 days from the date of the issuance of the order to submit a compliance filing on the matters identified and 180 days to file updates to its Rules of Procedure.

Regarding Item E-21, this draft final rule approves Reliability Standard TPL-001-5 (Transmission System Planning Performance Requirements) as just, reasonable, not

unduly discriminatory or preferential, and in the public interest. As discussed in the draft final rule, Reliability Standard TPL-001-5 improves upon currently-effective Reliability Standard TPL-001-4 by addressing (1) the study of single points of failure of protection systems; and (2) planned maintenance outages and stability analysis for spare equipment strategies. In addition, the draft final rule declines to pursue other proposals from the Notice of Proposed Rulemaking, determining that based on comments of NERC and others that it is reasonable to address single points of failure in combination with three-phase faults as extreme events without requiring corrective action plans.

Item E-22 is a draft Final Rule approving Reliability Standard CIP-012-1 (Cyber Security - Communications between Control Centers), which NERC filed in response to a Commission directive in Order No. 822. Consistent with the directive, Reliability Standard CIP-012-1 improves upon the currently-effective CIP Reliability Standards by supporting situational awareness and reliable bulk electric system operations. Specifically, Reliability Standard CIP-012-1 requires responsible entities to protect the confidentiality and integrity of Real-time Assessment and Real-time monitoring data transmitted between bulk electric system Control Centers. In addition, the draft Final Rule directs NERC to develop and submit modifications to the Reliability Standards to require protections regarding the availability of communication links and data communicated between bulk electric system Control Centers.

Further, the draft Final Rule does not adopt the directive proposed in Order No. 822 for NERC to develop modifications to the CIP Reliability Standards to identify the types of data that must be protected under Reliability Standard CIP-012-1. The draft Final Rule finds that the comments filed in response to the Notice of Proposed Rulemaking convince the Commission further clarification is not necessary.

Item E-24 is a draft Notice of Proposed Rulemaking that proposes to approve the retirement of 74 of the 77 Reliability Standard requirements that NERC proposed to retire. The proposed retirements were developed under NERC's Standards Efficiency Review Project, which is designed to identify Reliability Standard requirements that provide little reliability benefit, are administrative in nature, or are redundant with other Reliability Standards. The draft Notice of Proposed Rulemaking agrees with NERC that retirement of the 74 Reliability Standards requirements will reduce duplicative or otherwise unnecessary regulatory burdens. The draft Notice of Proposed Rulemaking also proposes to remand one requirement submitted for retirement by NERC, Reliability Standard VAR-001-6 Requirement R2, because it is the

only requirement that explicitly requires transmission operators to schedule reactive resources. In addition, the draft Notice of Proposed Rulemaking seeks additional information from NERC on two other requirements, proposed for retirement, FAC-008-3 Requirements R7 and R8, because these requirements may not completely be covered by other Reliability Standards and, therefore may not be appropriate for retirement.

That concludes our presentation. We would be happy to answer any questions.