

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

2023 Work Plan Priorities

RELIABILITY | RESILIENCE | SECURITY



- 1. Energy:** Tackle the challenge of grid transformation; climate change-driven, extreme weather; and inverter performance issues
- 2. Security:** Move the needle by focusing on supply chain, Information Technology (IT) and Operational Technology (OT) system monitoring, cyber-informed grid planning and design, and evolution of the Critical Infrastructure Protection (CIP) standards
- 3. Agility:** Tool the company to be more nimble in key areas, particularly standards development, internal operational processes, technical deliverables, revisit the FERC settlement restrictions, and explore alternate funding mechanisms
- 4. Sustainability:** Invest in ERO systematic controls, eliminate single points of failure, strengthen succession planning, and ensure robust cyber security protections for all systems
- 5. And ... everything else we need to do**

<p>Reliability Assessments</p>	<ul style="list-style-type: none"> ➤ Reliability assessments incorporate consistent and documented methods to identify and evaluate extreme condition scenarios and energy availability ➤ Perform a special assessment of the potential impacts on the adequacy and operating reliability of the bulk power system (BPS) from new and evolving electricity market practices and state authority resource adequacy assurance/availability mechanisms ➤ Conduct extensive outreach to raise awareness and prompt action to assure reliability for the 2023 summer and 2022/2023 winter seasons
<p>Reliability Standards</p>	<ul style="list-style-type: none"> ➤ Board adopts or endorses, as applicable: <ul style="list-style-type: none"> ▪ 2023 enhancements to Reliability Standards identified by Cold Weather Inquiry ▪ ERATF Energy Assessment Reliability Standards in operations planning timeframe ▪ Inverter base resource Reliability Standards (performance, modeling, studies, validation) ▪ CIP Reliability Standard modifications to accommodate virtualization ▪ Changes needed based on evaluation of the CIP bright-line risk criteria ➤ Standards Committee accepts Standard Authorize Requests focused on transmission planning energy scenarios* <ul style="list-style-type: none"> ▪ Normal and extreme events ▪ Gas-Electric interdependencies ▪ Distributed energy resource (DER) events

*Includes extreme events creating common conditions that impact the energy resilience of the BPS, such as extreme long-term, widespread cold and hot temperatures, widespread droughts conditions, solar, wind, and fires

Registration	<ul style="list-style-type: none"> ➤ Review, and update if needed, registration criteria for generation to include Bulk Electric System (BES)-connected Variable Energy Resources (VERs) and DERs
Event Analysis	<ul style="list-style-type: none"> ➤ Include loss of significant amounts of energy-constrained resources and energy deficiencies ➤ BPS awareness daily reports to include new system conditions and expand depth and breadth
Engineering	<ul style="list-style-type: none"> ➤ Develop cyber-informed planning approaches documented in technical reports or other guidance material to study, identify, and reduce the number of critical facilities and attack exposure/impact
E-ISAC	<ul style="list-style-type: none"> ➤ Increase the analysis of IT/OT environments and extract key, actionable insights ➤ Support DOE/CESER’s Energy Threat Analysis Center (ETAC) and DHS/CISA’s Joint Cyber Defense Collaborative (JCDC) ➤ Strategically expand CRISP participation, including natural gas pipeline companies ➤ Provide support to the natural gas sector for OT analytics and access to E-ISAC Portal ➤ Formally integrate the natural gas sector into GridEx VII planning
BPS Risk Mitigation	<ul style="list-style-type: none"> ➤ Implement a revised and more agile Reliability Standards development process ➤ Establish Level 3 Alert process ➤ Strengthen reliability guidelines (essential actions, measures of effectiveness) ➤ Leverage CMEP tools for early visibility of BPS risk

Corporate Risk Reduction	<ul style="list-style-type: none"> ➤ Provide additional data management, classification, and protection tools and processes ➤ Implement audit management software solution to automate Internal Audit processes
Talent Management	<ul style="list-style-type: none"> ➤ Successfully onboard 14 new employees ➤ Maintain regrettable turnover at <10% and sustain employee engagement score
State/Provincial Outreach	<ul style="list-style-type: none"> ➤ Expand outreach to national associations, including NARUC and CAMPUT, to further educate state and provincial regulators and policymakers on NERC assessments ➤ Build bench strength in NERC’s External Affairs team with a focus on state outreach and stakeholder engagement
Process Improvement & Efficiency	<ul style="list-style-type: none"> ➤ Decide on future direction of Finance & Accounting/HR systems and begin execution ➤ Complete Atlanta facility workplace assessment, survey market conditions, and conduct site tours of alternate options



Questions and Answers