

## Violation Risk Factor and Violation Severity Level Justifications

### Project 2016-02 Modifications to CIP Standards

This document provides the standard drafting team's (SDT's) justification for assignment of violation risk factors (VRFs) and violation severity levels (VSLs) for each requirement in **CIP-012-1**. Each requirement is assigned a VRF and a VSL. These elements support the determination of an initial value range for the Base Penalty Amount regarding violations of requirements in FERC-approved Reliability Standards, as defined in the Electric Reliability Organizations (ERO) Sanction Guidelines. The SDT applied the following NERC criteria and FERC Guidelines when developing the VRFs and VSLs for the requirements.

#### **NERC Criteria for Violation Risk Factors**

##### **High Risk Requirement**

A requirement that, if violated, could directly cause or contribute to Bulk Electric System instability, separation, or a cascading sequence of failures, or could place the Bulk Electric System at an unacceptable risk of instability, separation, or cascading failures; or, a requirement in a planning time frame that, if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly cause or contribute to Bulk Electric System instability, separation, or a cascading sequence of failures, or could place the Bulk Electric System at an unacceptable risk of instability, separation, or cascading failures, or could hinder restoration to a normal condition.

##### **Medium Risk Requirement**

A requirement that, if violated, could directly affect the electrical state or the capability of the Bulk Electric System, or the ability to effectively monitor and control the Bulk Electric System. However, violation of a medium risk requirement is unlikely to lead to Bulk Electric System instability, separation, or cascading failures; or, a requirement in a planning time frame that, if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly and adversely affect the electrical state or capability of the Bulk Electric System, or the ability to effectively monitor, control, or restore the Bulk Electric System. However, violation of a medium risk requirement is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to Bulk Electric System instability, separation, or cascading failures, nor to hinder restoration to a normal condition.

### **Lower Risk Requirement**

A requirement that is administrative in nature and a requirement that, if violated, would not be expected to adversely affect the electrical state or capability of the Bulk Electric System, or the ability to effectively monitor and control the Bulk Electric System; or, a requirement that is administrative in nature and a requirement in a planning time frame that, if violated, would not, under the emergency, abnormal, or restorative conditions anticipated by the preparations, be expected to adversely affect the electrical state or capability of the Bulk Electric System, or the ability to effectively monitor, control, or restore the Bulk Electric System.

## **FERC Guidelines for Violation Risk Factors**

### **Guideline (1) – Consistency with the Conclusions of the Final Blackout Report**

FERC seeks to ensure that VRFs assigned to Requirements of Reliability Standards in these identified areas appropriately reflect their historical critical impact on the reliability of the Bulk-Power System. In the VSL Order, FERC listed critical areas (from the Final Blackout Report) where violations could severely affect the reliability of the Bulk-Power System:

- Emergency operations
- Vegetation management
- Operator personnel training
- Protection systems and their coordination
- Operating tools and backup facilities
- Reactive power and voltage control
- System modeling and data exchange
- Communication protocol and facilities
- Requirements to determine equipment ratings
- Synchronized data recorders
- Clearer criteria for operationally critical facilities
- Appropriate use of transmission loading relief.

**Guideline (2) – Consistency within a Reliability Standard**

FERC expects a rational connection between the sub-Requirement VRF assignments and the main Requirement VRF assignment.

**Guideline (3) – Consistency among Reliability Standards**

FERC expects the assignment of VRFs corresponding to Requirements that address similar reliability goals in different Reliability Standards would be treated comparably.

**Guideline (4) – Consistency with NERC’s Definition of the Violation Risk Factor Level**

Guideline (4) was developed to evaluate whether the assignment of a particular VRF level conforms to NERC’s definition of that risk level.

**Guideline (5) – Treatment of Requirements that Co-mingle More Than One Obligation**

Where a single Requirement co-mingles a higher risk reliability objective and a lesser risk reliability objective, the VRF assignment for such Requirements must not be watered down to reflect the lower risk level associated with the less important objective of the Reliability Standard.

## NERC Criteria for Violation Severity Levels

VSLs define the degree to which compliance with a requirement was not achieved. Each requirement must have at least one VSL. While it is preferable to have four VSLs for each requirement, some requirements do not have multiple “degrees” of noncompliant performance and may have only one, two, or three VSLs.

VSLs should be based on NERC’s overarching criteria shown in the table below:

Lower VSL	Moderate VSL	High VSL	Severe VSL
The performance or product measured almost meets the full intent of the requirement.	The performance or product measured meets the majority of the intent of the requirement.	The performance or product measured does not meet the majority of the intent of the requirement, but does meet some of the intent.	The performance or product measured does not substantively meet the intent of the requirement.

## FERC Order of Violation Severity Levels

The FERC VSL guidelines are presented below, followed by an analysis of whether the VSLs proposed for each requirement in the standard meet the FERC Guidelines for assessing VSLs:

### Guideline (1) – Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance

Compare the VSLs to any prior levels of non-compliance and avoid significant changes that may encourage a lower level of compliance than was required when levels of non-compliance were used.

### Guideline (2) – Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties

A violation of a “binary” type requirement must be a “Severe” VSL.

Do not use ambiguous terms such as “minor” and “significant” to describe noncompliant performance.

### Guideline (3) – Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement

VSLs should not expand on what is required in the requirement.

**Guideline (4) – Violation Severity Level Assignment Should Be Based on a Single Violation, Not on a Cumulative Number of Violations**

Unless otherwise stated in the requirement, each instance of non-compliance with a requirement is a separate violation. Section 4 of the Sanction Guidelines states that assessing penalties on a per violation per day basis is the “default” for penalty calculations.

<b>VRF Justifications for CIP-012-1, Requirement R1</b>	
<b>Proposed VRF</b>	<b>Medium</b>
NERC VRF Discussion	A VRF of Medium was assigned to this requirement. Cyber security plans enable effective implementation of the CIP standard’s requirements to mitigate the risk of the unauthorized disclosure or modification of data used for Operational Planning Analysis, Real-time Assessments, and Real-time monitoring while being transmitted between Control Centers.
<b>FERC VRF G1 Discussion</b> Guideline 1- Consistency with Blackout Report	N/A
<b>FERC VRF G2 Discussion</b> Guideline 2- Consistency within a Reliability Standard	N/A
<b>FERC VRF G3 Discussion</b> Guideline 3- Consistency among Reliability Standards	The requirement complements CIP-005-1, Requirement R1, CIP-006-6, Requirement R1, and CIP-007-6, Requirement R1 which are related to security of networks and communications components. The proposed VRF is consistent with these related requirements.
<b>FERC VRF G4 Discussion</b> Guideline 4- Consistency with NERC Definitions of VRFs	Failure to have a cyber security plan would not, under Emergency, abnormal, or restorative conditions anticipated by the preparations, be expected to adversely affect the electrical state or capability of the Bulk Electric System, or the ability to effectively monitor, control, or restore the Bulk Electric System.
<b>FERC VRF G5 Discussion</b>	N/A

**VRF Justifications for CIP-012-1, Requirement R1**

<b>Proposed VRF</b>	<b>Medium</b>
Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	

**VSLs for CIP-012-1, Requirement R1**

<b>Lower</b>	<b>Moderate</b>	<b>High</b>	<b>Severe</b>
N/A	N/A	N/A	The Responsible Entity failed to document one or more plan(s) that achieve the security objective to mitigate the risk of the unauthorized disclosure or modification of data used for Operational Planning Analysis, Real-time Assessments, and Real-time monitoring while being transmitted, excluding oral communication, between Controls Centers as specified in Requirement R1.

**VSL Justifications for CIP-012-1 Requirements R1**

<p><b>FERC VSL G1</b> Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</p>	<p>The requirement is new. Therefore, the proposed VSL does not have the unintended consequence of lowering the level of compliance.</p>
<p><b>FERC VSL G2</b> Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties  <u>Guideline 2a:</u> The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent  <u>Guideline 2b:</u> Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>The proposed VSL is binary and is classified as severe. The VSL does not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</p>
<p><b>FERC VSL G3</b> Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p>The proposed VSL uses the same terminology as used in the associated requirement and is, therefore, consistent with the requirement.</p>

<p><b>FERC VSL G4</b> Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p>The VSL is based on a single violation and not cumulative violations.</p>
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<p><b>VRF Justifications for CIP-012-1, Requirement R2</b></p>	
<p><b>Proposed VRF</b></p>	<p><b>Medium</b></p>
<p>NERC VRF Discussion</p>	<p>A VRF of Medium was assigned to this requirement. Implementation of required cyber security plans enable effective implementation of the CIP standard’s requirements to mitigate the risk of the unauthorized disclosure or modification of data used for Operational Planning Analysis, Real-time Assessments, and Real-time monitoring while being transmitted between Control Centers.</p>
<p><b>FERC VRF G1 Discussion</b> Guideline 1- Consistency with Blackout Report</p>	<p>N/A</p>
<p><b>FERC VRF G2 Discussion</b> Guideline 2- Consistency within a Reliability Standard</p>	<p>N/A</p>
<p><b>FERC VRF G3 Discussion</b> Guideline 3- Consistency among Reliability Standards</p>	<p>The requirement complements CIP-005-1, Requirement R1, CIP-006-6, Requirement R1, and CIP-007-6, Requirement R1 which are related to security of networks and communications components. The proposed VRF is consistent with these related requirements.</p>
<p><b>FERC VRF G4 Discussion</b></p>	<p>Failure to properly implement the cyber security plan would not, under Emergency, abnormal, or restorative conditions anticipated by the preparations, be expected to adversely affect the electrical state</p>



**VRF Justifications for CIP-012-1, Requirement R2**

<b>Proposed VRF</b>	<b>Medium</b>
Guideline 4- Consistency with NERC Definitions of VRFs	or capability of the Bulk Electric System, or the ability to effectively monitor, control, or restore the Bulk Electric System.
<b>FERC VRF G5 Discussion</b> Guideline 5- Treatment of Requirements that Co-mingle More than One Obligation	N/A

**VSLs for CIP-012-1, Requirement R2**

<b>Lower</b>	<b>Moderate</b>	<b>High</b>	<b>Severe</b>
N/A	N/A	N/A	The Responsible Entity failed to implement its plan to mitigate the risk of the unauthorized disclosure or modification of data used for Operational, Planning Analysis, Real-time Assessments, and Real-time monitoring while being transmitted, excluding oral communication, between Controls Centers as specified in Requirement R1, except under CIP Exceptional Circumstances.

**VSL Justifications for CIP-012-1 Requirement R2**

<p><b>FERC VSL G1</b> Violation Severity Level Assignments Should Not Have the Unintended Consequence of Lowering the Current Level of Compliance</p>	<p>The requirement is new. Therefore, the proposed VSL does not have the unintended consequence of lowering the level of compliance.</p>
<p><b>FERC VSL G2</b> Violation Severity Level Assignments Should Ensure Uniformity and Consistency in the Determination of Penalties  <u>Guideline 2a</u>: The Single Violation Severity Level Assignment Category for "Binary" Requirements Is Not Consistent  <u>Guideline 2b</u>: Violation Severity Level Assignments that Contain Ambiguous Language</p>	<p>The proposed VSL is binary and is classified as severe. The VSL does not use any ambiguous terminology, thereby supporting uniformity and consistency in the determination of similar penalties for similar violations.</p>
<p><b>FERC VSL G3</b> Violation Severity Level Assignment Should Be Consistent with the Corresponding Requirement</p>	<p>The proposed VSL uses the same terminology as used in the associated requirement and is, therefore, consistent with the requirement.</p>

<p><b>FERC VSL G4</b></p> <p>Violation Severity Level Assignment Should Be Based on A Single Violation, Not on A Cumulative Number of Violations</p>	<p>The VSL is based on a single violation and not cumulative violations.</p>
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