

## Consideration of Issues and Directives

Project 2014-04 - Physical Security Directives

January 27, 2015

Project 2014-04 - Physical Security Directives		
Issue or Directive	Source	Consideration of Issue or Directive
<p>Paragraph 19. In addition to approving Reliability Standard CIP-014-1, the Commission adopts in part the NOPR proposal directing NERC to develop and submit modifications to the Reliability Standard concerning the use of the term “widespread” in Requirement R1. The Commission determines that the term “widespread” is unclear with respect to the obligations it imposes on applicable entities; how it would be implemented by applicable entities; and how it would be enforced. Accordingly, the Commission directs NERC, pursuant to FPA section 215(d)(5), to remove the term “widespread” from Reliability Standard CIP-014-1 or, alternatively, to propose modifications to the Reliability Standard that address the Commission’s concerns. We direct that NERC submit a responsive</p>	<p>FERC Order 802 approving Reliability Standard CIP-014-1, Physical Security</p>	<p>The Physical Security Standard Drafting Team (PSSDT) revised CIP-014-1, Physical Security, by removing the term “widespread” from the standard. This was done in the Purpose Statement, Background Section, Requirement R1, the Rationale for Requirement R1 as well as the Guidance and Technical Basis Section of the standard. Additionally, the PSSDT has added the following to the Rationale and guideline and Technical Basis for Requirement R1:</p> <p style="padding-left: 40px;">“The requirement is not to require identification of, and thus, not intended to bring within the scope of the standard a Transmission station or Transmission substation unless the applicable Transmission Owner determines through technical studies and analyses based on objective analysis, technical expertise, operating experience and experienced judgment that the loss of such facility would have a critical impact on the operation of the Interconnection in the event</p>

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<p>modification within six months from the effective date of this final rule.</p> <p>Paragraph 35: Accordingly, pursuant to FPA section 215(d)(5), the Commission directs NERC to develop a modification to Reliability Standard CIP-014-1 that either removes the term “widespread” from Requirement R1 or, in the alternative, proposes changes that address the Commission’s concerns. Further, we direct that NERC submit a responsive modification within six months from the effective date of this final rule. We recognize that certain entities commented on how NERC could modify Reliability Standard CIP-014-1 to address the Commission’s stated concerns. However, we conclude that it is appropriate to allow NERC to develop and propose a modification in the first instance.</p>		<p>the asset is rendered inoperable or damaged. In the November 20, 2014 Order, FERC reiterated that “only an instability that has a “critical impact on the operation of the interconnection” warrants finding that the facility causing the instability is critical under Requirement R1.” The Transmission Owner may determine the criteria for critical impact by considering, among other criteria, any of the following:</p> <ul style="list-style-type: none"> <li>• Criteria or methodology used by Transmission Planners or Planning Coordinators in TPL-001-4, Requirement R6</li> <li>• NERC EOP-004-2 reporting criteria</li> <li>• Area or magnitude of potential impact”</li> </ul> <p>Additionally, the PSSDT revised the Rationale for Requirement R1 as follows:</p> <p>“<del>Requirement R1#</del> also meets the <del>portion of the FERC directive from paragraph 11</del> for periodic reevaluation of the risk assessment by requiring the risk assessment to be performed every 30 months (or 60 months for an entity that has not identified in a previous risk assessment) <del>any Transmission stations or Transmission substations that if rendered inoperable or damaged could result in instability, uncontrolled separation, or Cascading within an interconnection).</del>”</p>

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<p>Paragraph 21. With respect to the informational filings proposed in the NOPR, the Commission adopts the proposal to direct NERC to make an informational filing addressing whether Reliability Standard CIP-014-1 provides physical security for all “High Impact” control centers, as that term is defined in Reliability Standard CIP-002-5.1, necessary for the reliable operation of the Bulk-Power System. However, the Commission extends the deadline for that informational filing until two years following the effective date of Reliability Standard CIP-014-1.</p> <p>Paragraph 57. The Commission adopts the NOPR proposal and directs NERC to submit an informational filing that addresses whether there is a need for consistent treatment of “High Impact” control centers for cybersecurity and physical security purposes through the development of Reliability Standards that afford physical protection to all “High Impact” control centers. The Commission, however, modifies the NOPR proposal and extends the due date for the informational filing to two years following the effective date of Reliability Standard CIP-014-1.</p>	<p>FERC Order 802 approving Reliability Standard CIP-014-1, Physical Security</p>	<p>NERC Staff will monitor implementation of Requirements R1 and R2 with respect to “High Impact” control centers as that term is defined in Reliability Standard CIP-002-5.1 as that term is defined in Reliability Standard CIP-002-5.1. NERC will submit an informational filing that addresses whether there is a need for consistent treatment of “High Impact” control centers for cybersecurity and physical security purposes through the development of Reliability Standards that afford physical protection to all “High Impact” control centers within two years following the effective date of Reliability Standard CIP-014-1.</p>

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<p>Paragraph 44. The Commission, instead, will focus its resources on carrying out compliance and enforcement activities to ensure that critical facilities are identified under Requirement R1. In its comments, NERC indicated that NERC staff will submit to the NERC Board of Trustees a report three months following implementation of Requirements R1, R2 and R3 concerning the scope of facilities identified as critical, including the number of facilities identified as critical and their defining characteristics. NERC also committed to sending this report to Commission staff.</p>	<p>FERC Order 802 approving Reliability Standard CIO-014-1, Physical Security</p>	<p>NERC Staff will monitor implementation of Requirements R1, R2 and R3 and will submit to the NERC Board of Trustees, a report three months following implementation of these Requirements concerning the scope of facilities identified as critical, including the number of facilities identified as critical and their defining characteristics. NERC will also submit this report to Commission staff.</p>