



# Federal Energy Regulatory Commission

## January 21, 2016

### Open Commission Meeting

### Staff Presentation

### Item E-2

"Good morning Mr. Chairman and Commissioners.

"Item E-2 is a draft Final Rule on revisions to the Version 5 Critical Infrastructure Protection or "CIP" Reliability Standards submitted by the North American Electric Reliability Corporation (NERC). The draft Final Rule approves the proposed revisions to the CIP Reliability Standards, finding that the revisions are just, reasonable, not unduly discriminatory or preferential, and in the public interest. The draft Final Rule concludes that the revisions adequately address certain directives in Order No. 791 by: (1) eliminating the "identify, assess, and correct" language in 17 provisions of the CIP version 5 Standard requirements; (2) providing enhanced security controls for Low Impact assets; (3) providing controls to address the risks posed by transient electronic devices (e.g., thumb drives and laptop computers) used at High and Medium Impact BES Cyber Systems; and (4) addressing in an equally effective and efficient manner the need for a NERC Glossary definition for the term "communication networks." The draft Final Rule approves the implementation plan and effective dates for the Reliability Standards that were proposed by NERC, but notes the Commission's willingness to consider a specific expedited proposal regarding these items to synchronize compliance deadlines with the Version 5 CIP Standards.

"Pursuant to the Commission's authority under section 215(d)(5) of the Federal Power Act, the draft Final Rule adopts the proposals set forth in the Notice of Proposed Rulemaking and directs NERC to: (1) develop modifications to address the protection of transient electronic devices used at Low Impact BES Cyber Systems, tailored to the risk for these systems; (2) develop modifications to CIP-006-6 to require protections for communication network components and data communicated between bulk electric system Control Centers tailored to be commensurate with the risk posed to the bulk electric system; and (3) develop modifications to the definition for Low Impact External Routable Connectivity. In addition, the draft Final Rule directs NERC to submit a study that assesses the effectiveness of the CIP version 5 remote access controls, the risks posed by remote access-related threats and vulnerabilities, and any appropriate mitigating controls that could be considered to improve remote access protection.

"The draft Final Rule does not address the supply chain risk management issues that were raised in the Notice of Proposed Rulemaking. The Commission has scheduled a staff led technical conference that will be held at FERC headquarters on January 28, 2016 to facilitate additional dialogue between concerned parties regarding the Commission's supply chain risk management proposal. The Commission will determine the appropriate course of action on this issue after reviewing the record from the technical conference."