

November 26, 2010

Mr. Michael Moon  
Director of Compliance Operations  
North American Electric Reliability Corporation  
116-390 Village Boulevard  
Princeton, NJ 08540

Dear Mr. Moon:

The U.S. Nuclear Regulatory Commission (NRC) would like to thank the North American Electric Reliability Corporation (NERC) and its staff for its assistance as our agencies work together to determine an efficient and effective method for regulating cyber security at commercial nuclear power plants to ensure safe and secure operations along with reliable power generation.

On October 21, 2010, the Commission of the NRC determined as a matter of policy that the NRC's cyber security rule at Title 10 of the *Code of Federal Regulations* (10 CFR) 73.54, "Protection of Digital Computer and Communication Systems and Networks," includes structures, systems, and components (SSCs) in the balance of plant (BOP) at NRC-licensed nuclear power plants that have a nexus to radiological health and safety. This decision resulted from the coordination between NRC and the Federal Energy Regulatory Commission (FERC) and work performed by NERC on the oversight of BOP systems (i.e., the "Bright-Line" Survey).

Based on the Commission's determination, the NRC staff does not believe that there will be any SSCs in the BOP that will fall under NERC's Critical Infrastructure Protection (CIP) standards. However, there may be some SSCs that are not subject to either the NRC's cyber security regulations or NERC's CIP standards because these SSCs do not have a nexus to radiological health and safety and do not affect grid reliability. However, power reactor licensees' cyber security plans that are reviewed and approved by the NRC contain provisions to evaluate any and all cyber security related events or information received (from credible sources). The staff will continue to coordinate with FERC and NERC to determine whether any remaining SSCs in the BOP will be exempt from both NRC and FERC regulatory oversight.

The NRC staff has communicated the Commission's policy decision both to FERC and to the Nuclear Energy Institute as a representative of the nuclear power industry. In the near future, and in order to comply with the Commission's decision, licensees will need to supplement their cyber security plans using guidance to be provided by the NRC in the near term. These changes were requested by NERC in letters to each licensee in the late August 2010 timeframe.

The NRC staff will work with the staff from FERC and NERC to review the existing Memorandum of Agreement between the NRC and FERC and the existing Memorandum of Understanding between the NRC and NERC for possible updates or clarifications to reflect the Commission's interpretations related to BOP SSCs. As the NRC implements the Commission's policy determination, we look forward to continued cooperation and collaboration with NERC to

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ensure the appropriate coordination of regulatory responsibilities and achievement of our common cyber security goals.

Should you or your staff have any questions, please contact Eric Lee at 301-415-8009.

Sincerely,

/RA Richard P. Correia for/

James T. Wiggins, Director  
Office of Nuclear Security and Incident Response

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