FERC Directs Development of Physical Security Standards

The Federal Energy Regulatory Commission (FERC) took action today to provide for the resilience of the transmission grid by directing the North American Electric Reliability Corporation (NERC) to develop reliability standards requiring owners and operators of the Bulk-Power System to address risks due to physical security threats and vulnerabilities.

"Because the grid is so critical to all aspects of our society and economy, protecting its reliability and resilience is a core responsibility of everyone who works in the electric industry," FERC Acting Chairman Cheryl LaFleur said. "Today's order enhances the grid's resilience by requiring physical security for the facilities most critical to the reliable operation of the Bulk-Power System. It will complement the ongoing efforts of FERC and facility owners and operators to ensure the physical security of the grid."

The reliability standards directed by today's order require owners and operators of the Bulk-Power System to take at least three steps to protect physical security. First, owners and operators must perform a risk assessment of their system to identify facilities that, if rendered inoperable or damaged, could have a critical impact on the operation of the interconnection through instability, uncontrolled separation, or cascading failures of the Bulk-Power System. Second, owners and operators of critical facilities must evaluate potential threats and vulnerabilities to those facilities. Finally, owners and operators must develop and implement a security plan to address potential threats and vulnerabilities. NERC has 90 days to submit the proposed standards.

Recognizing that critical facilities identified pursuant to the required reliability standards could contain sensitive or confidential information that, if publicized, could jeopardize the operation of the grid, FERC directed NERC to include a procedure that ensures confidential treatment of sensitive or confidential information but still allows for the appropriate oversight to ensure compliance.

Today's action follows Acting Chairman LaFleur's directive last month that FERC staff work with NERC to determine whether mandatory reliability standards are necessary to protect the physical security of critical facilities.

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