



CORPORATE GOALS & CRITICAL CHALLENGES



TEXASRE

Ensuring electric reliability for Texans

WHO WE ARE

Texas Reliability Entity, Inc.'s (Texas RE) mission is to assure effective and efficient reduction of risks to the reliability and security of the bulk power system within the Texas Interconnection.

Texas RE is a not-for-profit corporation that serves as the Regional Entity for the area of Texas served by the Electric Reliability Council of Texas (ERCOT), pursuant to its Amended and Restated Delegation Agreement with the North American Electric Reliability Corporation (NERC), which was approved by the Federal Energy Regulatory Commission (FERC). Texas RE is authorized to do the following in the Texas Interconnection:

- Develop, monitor, assess, and enforce compliance with NERC Reliability Standards
- Develop regional standards
- Assess and periodically report on the reliability and adequacy of the bulk power system (BPS)

Texas RE is one of six similar organizations across North America, but uniquely is the only Regional Entity that serves both a single state and a single Interconnection. The ERCOT region includes approximately 90 percent of Texas's electric load and 75 percent of the Texas land area.





OUR VISION

A highly reliable and secure bulk power system in the Electric Reliability Council of Texas (ERCOT) Interconnection.

OUR MISSION

To assure efficient and effective reduction of risks to the reliability and security of the bulk power system within the ERCOT Interconnection.

LETTER FROM THE CEO

Texas RE's core responsibility is to ensure the reduction of risks to electric reliability in the Texas Interconnection. Every day the Texas RE team educates and prepares our stakeholders for evolving challenges the grid faces. Achieving this is no simple task, so Texas RE's Corporate Goals and Critical Challenges document is the roadmap we use annually to plot the course of our activities.

For 2024, we have defined four primary goals:

- Support the Electric Reliability Organization (ERO) Enterprise model
- Enhance our information technology and security program
- Foster an outstanding workplace culture
- Integrate Enterprise Risk Management



Each of these aims lend focus to our organization's endeavors and we have attached them to actions we plan to undertake to achieve our objectives. These corporate goals will be defined more thoroughly throughout the course of this document along with identifying the activities we'll undertake to address our critical challenges.

The ERO Enterprise Roadmap for the Future is a guidebook based on the strategic focus areas identified in the ERO Long-Term Strategy that was collaboratively created by leadership from the North American Electric Reliability Corporation (NERC) and the six Regional Entities. It establishes a framework for how our organizations will work cohesively to accomplish our shared mission and defines four critical challenges faced by the ERO:

- Engagement
- Agility and Efficiency
- Risk Mitigation
- Security

Each of these critical challenges is multi-faceted with specific must-win battles for the ERO and key activities that Texas RE will conduct to do its part. Our corporate goals are intentionally intertwined with the ERO Roadmap as we can only achieve the success of grid reliability when NERC and the Regional Entities are operating synchronously. Meeting our 2024 goals will require us to be adaptive and innovative, but I am confident that our staff at Texas RE is up to the challenge.

Electric reliability and security are constantly moving targets that require us to learn and grow with new evolving trends and emerging risks. We will continue to be leaders with keen focus on our awesome responsibility. I am honored to be a part the Texas RE team and I look forward to a successful 2024. With the commitment of our partners and stakeholders, we will continue to ensure reliability for Texans for many years to come.

Reliably,

A handwritten signature in black ink, appearing to read 'J. Albright', written in a cursive style.

Jim Albright
President & CEO

CULTURAL VALUES

Texas RE fosters a culture that embraces seven core principles as an organization. These cultural values embody our commitment to ensuring a highly reliable and secure bulk power system within the Texas Interconnection. They define how we work together and with our stakeholders each day to achieve our shared reliability goals.

ACCOUNTABILITY

We are all leaders at Texas RE. As leaders we recognize that our success depends on our shared commitment to fairness and mutual respect. We strive to create solutions to the reliability and security challenges we collectively face and hold ourselves to the highest standards in fulfilling our reliability mission.

INNOVATION

We encourage and value new ideas. We support continuous improvement to solve problems and reduce barriers to innovation. We ask the next question. We commit to continuously develop our staff's growth both personally and professionally so they can identify and address tomorrow's reliability challenges.

EXCELLENCE

We commit to providing relevant, rigorous, timely, and accurate products rooted in the highest quality and professional standards. We accomplish this by nurturing a culture of mutual support and accountability to each other that empowers and celebrates expertise.

INCLUSIVENESS

We nurture an atmosphere of teamwork and partnership. We listen generously to each other, recognizing and valuing the perspectives of all staff as uniquely powerful and necessary tools to solve problems together.

TRANSPARENCY

We value open, clear, honest, and candid communication throughout the entire organization. We strive to share the "why" behind actions and decisions whenever possible. We make space for meaningful connections with each other, eliminate silos, and value the communication that such relationships provide.

INTEGRITY

We adhere to the highest ethical principles and perform our work in an honest and trustworthy manner. We are mindful of the trust placed in us and earn that trust by protecting information we receive.

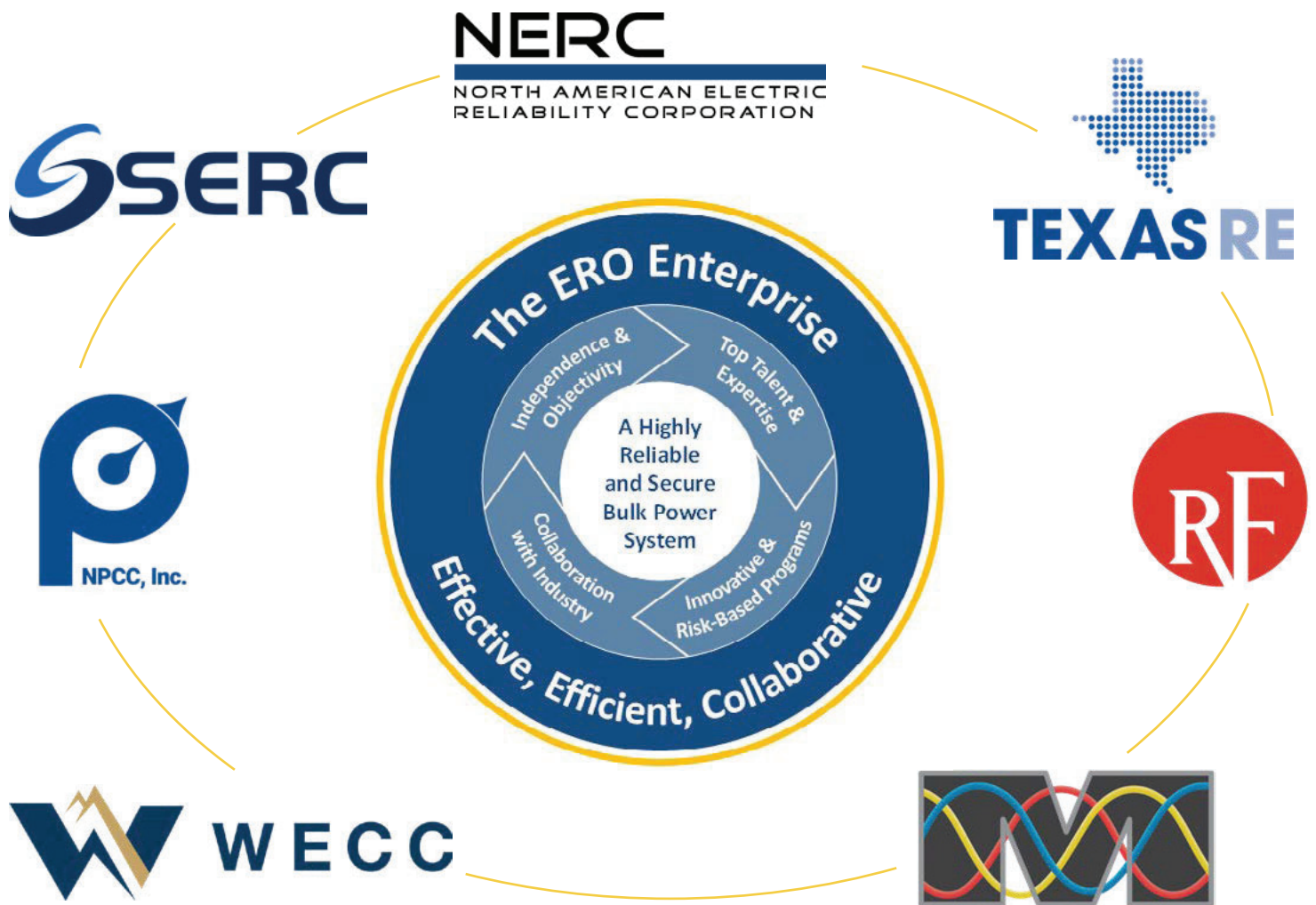
INDEPENDENCE

We are objective, impartial, fair, and consistent in all our activities. We are free from bias. We recognize that being free from conflicts of interest is fundamental to our shared commitment to being the trusted voice for reliability in Texas.



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STAKEHOLDER COMMITMENTS



The ERO Enterprise (ERO) encompasses NERC and six regional organizations of similar size and complexity. NERC provides industry-wide perspective and oversight, and the Regional Entities have unique features and activities that serve the needs of their regional constituents. While NERC and the Regional Entities play different roles in delivering ERO Enterprise programs, these roles are equally important and complementary, enabling the ERO Enterprise to work as one synchronous machine—effectively, efficiently, and collaboratively.

Texas RE is dedicated to the collective mission, vision, core principles, and regional model that is critical to the ERO Enterprise's success. We will partner and succeed together by:

- Working together as one team and honoring each member's role
- Actively supporting ERO Enterprise activities while eliminating unnecessary duplication of work
- Collaborating in developing clear and consistent guidance across the ERO Enterprise
- Sharing information, knowledge, and resources across the ERO Enterprise
- Developing and sharing harmonized messages across ERO Enterprise communications
- Supporting innovation, initiatives, and the sharing of best practices across the ERO Enterprise



2024 CORPORATE GOALS

Texas RE's 2024 corporate goals compliment and align with our mission, vision, and core principles in addition to the overarching ERO Enterprise Model. Texas RE's corporate goals and key objectives for 2024 are:

1. SUPPORT THE ERO ENTERPRISE MODEL

- Lead and support ERO efforts to collaboratively develop effective, efficient, and risk-based programs to meet reliability challenges and accomplish our shared mission.
- Assist the ERO Enterprise engagement with FERC and other federal regulators.
- Foster a collaborative environment with industry groups, regulators, stakeholders, the ERO Enterprise, and the Texas RE Board of Directors (Board).
- Engage in NERC's ongoing oversight of Texas RE's delegated activities and implement recommendations.
- Provide forums for FERC, NERC, industry, and other Regional Entities to present information on reliability issues impacting the Texas RE region.

2. ENHANCE INFORMATION TECHNOLOGY AND SECURITY PROGRAM

- Continue to leverage the Cybersecurity Governance Council to provide oversight of information technology (IT) and mature Texas RE's cybersecurity governance model.
- Evaluate and implement approved ERO Security Principles as embodied in the National Institute of Standards and Technology (NIST) Cybersecurity Framework.
- Prioritize the protection of sensitive data through the adoption and implementation of the ERO data classification and handling protocols.
- Emphasize Texas RE's cybersecurity training and awareness activities by informing staff of emerging threats and appropriate responses on a regular basis.
- Continue to provide the Board with timely information regarding Texas RE's cybersecurity posture.
- Continue to review, enhance, and test Texas RE's incident response, disaster recovery, and business continuity plans to facilitate readiness and recovery activities.



3. FOSTER AN OUTSTANDING WORKPLACE CULTURE

- Intentionally engage within the organization to foster a shared understanding of our mission and cultural values, and ensure staff is well-informed regarding the “why” behind key decisions and initiatives.
- Leverage Texas RE’s Diversity, Equity, and Inclusion (DEI) Committee to coordinate DEI activities for Texas RE staff, and across the electricity ecosystem.
- Support continued team building and collaboration through the Employee Action Committee (EAC), as well as departmental and cross-departmental activities.
- Ensure continuous learning, growth, and career development opportunities are available to all employees.
- Assess resource needs, budget requests, and compensation levels with a view towards recruiting and retaining the highly motivated, engaged, and talented employees necessary to achieve our reliability mission.



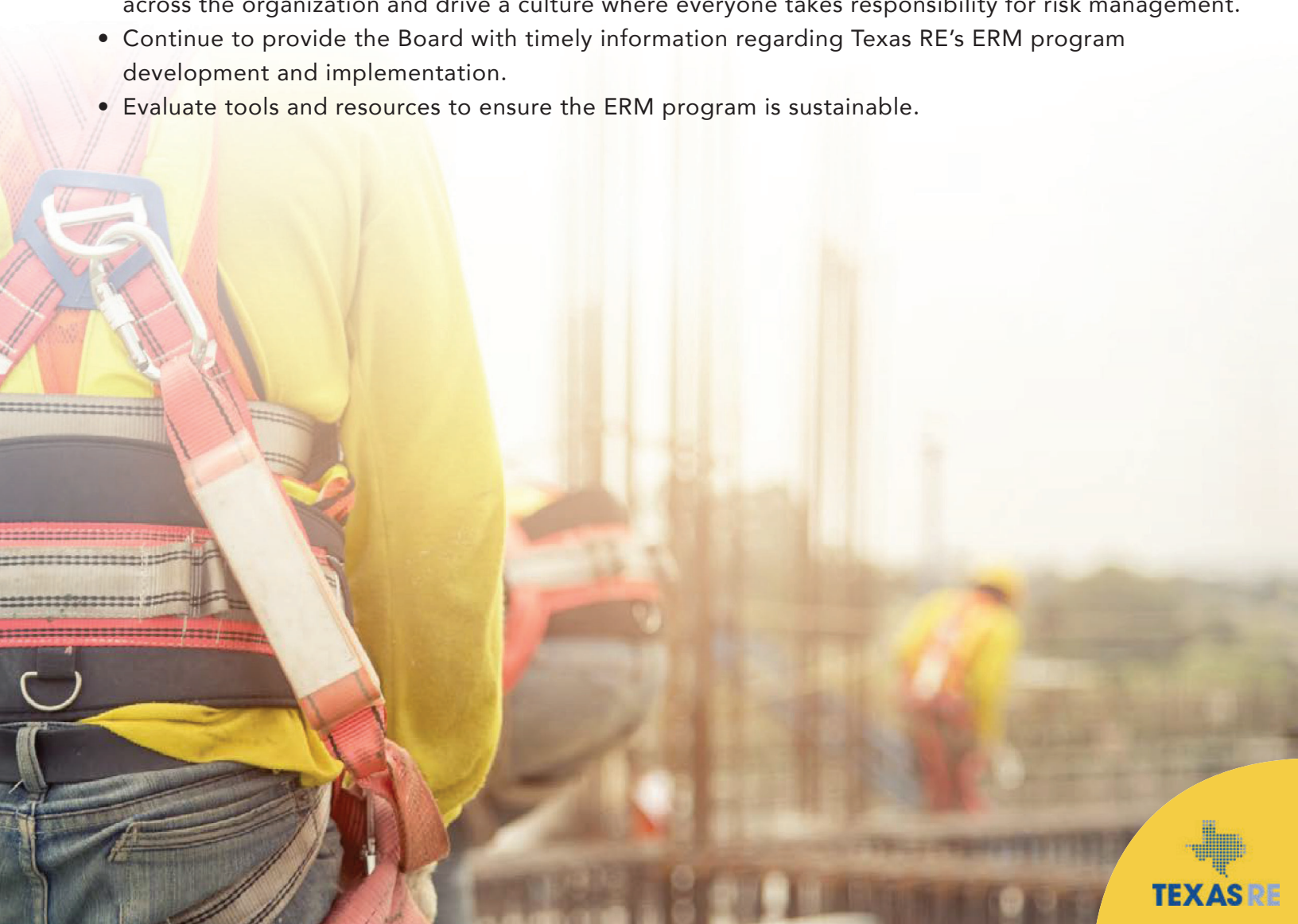
4. INTEGRATE ENTERPRISE RISK MANAGEMENT

The adoption of Enterprise Risk Management (ERM) has grown across the evolving landscapes of both the private and public sectors as organizations focus on building strong resiliency while adapting to change effectively. ERM is essential to achieving an open, efficient, resilient, and transparent organization.

Texas RE's organizational vision is of a highly reliable and secure bulk power system in the Texas Interconnection. Texas RE endeavors to integrate ERM principles throughout its organization to ensure a disciplined, repeatable, and commonly understood framework that facilitates informed strategic decisions and encourages a culture that considers risks at all levels. Texas RE will do this with a goal of continuously improving the performance of our critical reliability mission.

Consistent with this vision, Texas RE is establishing the integration of ERM as a corporate goal for 2024. To meet this goal, Texas RE will:

- Utilize the ERM Council to oversee continued implementation of the ERM program and framework and establish the tone for Texas RE's risk management programs and culture.
- Continue to develop, document, and implement ERM policies, governance structures, a risk appetite statement, support systems, risk registers, risk mitigation plans, reporting mechanisms, and related controls to achieve the ERM vision.
- Establish an ERM training program and provide outreach to staff to obtain "buy-in" on the ERM vision across the organization and drive a culture where everyone takes responsibility for risk management.
- Continue to provide the Board with timely information regarding Texas RE's ERM program development and implementation.
- Evaluate tools and resources to ensure the ERM program is sustainable.



2024 CRITICAL CHALLENGES & MUST-WIN BATTLES

ERO ENTERPRISE ROADMAP FOR THE FUTURE

The ERO Enterprise Roadmap for the Future (ERO Roadmap) was developed by ERO Leadership to solidify and extend the gains from the ERO Transformation and in support of the [ERO Long-Term Strategy](#). The Roadmap identifies four critical challenges to guide the ERO Enterprise toward achieving collective success in meeting its vision of assuring the effective and efficient reduction of risks to the reliability and security of the bulk power system.

Texas RE is dedicated to supporting the ERO Roadmap by embracing the four critical challenges the ERO has identified:



CHALLENGE ONE (ENGAGEMENT)

The ERO Enterprise will take steps to ensure that the increasingly diverse spectrum of stakeholders find value in their engagements with the ERO Enterprise, seek Enterprise expertise to inform decision-making, and have confidence in the integrity and independence of Enterprise programs.



CHALLENGE TWO (AGILITY AND EFFICIENCY)

The ERO Enterprise will perform as an agile and efficient team acting in sync and ensuring its programs and efforts hold value for stakeholders as they manage changing reliability and security risk within the evolving industry landscape.



CHALLENGE THREE (RISK MITIGATION)

The ERO Enterprise will effectively leverage a broad range of data and approaches to assist industry in addressing existing bulk power system risks, and identifying and preparing for emerging and unknown risks to the grid.



CHALLENGE FOUR (SECURITY)

The ERO Enterprise will maintain cyber and physical security programs (the Electricity Information Sharing and Analysis Center (E-ISAC), Standards, the Compliance Monitoring and Enforcement Program (CMEP), technical committee work, outreach and engagement) that are risk-based, efficient, coordinated, and effectively advance the security posture of the industry.



ENGAGEMENT

The ERO Enterprise will take steps to ensure that the increasingly diverse spectrum of stakeholders find value in their engagements with the ERO Enterprise, seek Enterprise expertise to inform decision-making, and have confidence in the integrity and independence of Enterprise programs.

MUST-WIN BATTLES

Develop high quality relationships with industry stakeholders and policymakers and seek constructive engagement on key reliability and security challenges facing the grid.

Inform Enterprise strategy and priorities with a deep and expert understanding of the wants and needs of the evolving and diverse stakeholder ecosystem.

Deliver technically rigorous and intellectually honest insights and analyses in a timely, clear, concise, and compelling manner that informs stakeholders through coordinated and targeted communications.

TEXAS RE ACTIVITIES

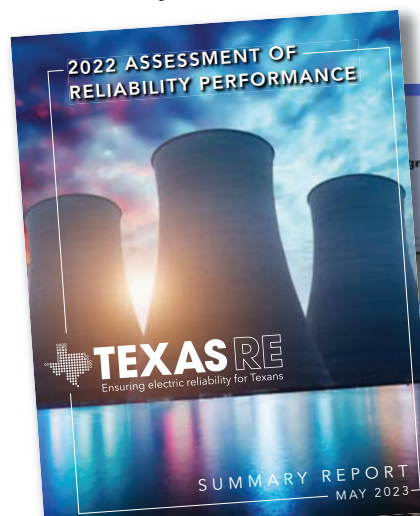
- Continue to promote robust participation in stakeholder forums such as the Member Representatives Committee (MRC), NERC Standards Review Forum (NSRF), and the Critical Infrastructure Protection Working Group (CIPWG) to foster constructive engagement on reliability and security risks.
- Continue to enhance Texas RE's communications framework with the Public Utility Commission of Texas (PUCT) and the Office of Public Utility Counsel (OPUC) to ensure robust and timely information sharing on key reliability and security risks.
- Leverage the new role of Chief Engineer and Director, Reliability Outreach to deepen stakeholder engagement on reliability issues.

TEXAS RE ACTIVITIES

- Identify and engage new stakeholders within the electric industry and associated critical infrastructure industries like natural gas to promote information sharing and a common purpose in addressing reliability and security challenges.
- Identify and implement strategies to expand the audience of Texas RE's outreach on reliability and security issues.

TEXAS RE ACTIVITIES

- Complete the 2023 Assessment of Reliability Performance and utilize identified risk priorities and trends to inform Texas RE's engagement with stakeholders.
- Support ERO efforts to incorporate energy adequacy into the ERO's reliability assessment products and share the results with stakeholders and policy makers to inform decision-making and planning for a transforming electric grid.



AGILITY & EFFICIENCY



The ERO Enterprise will perform as an agile and efficient team acting in sync and ensuring its programs and efforts hold value for stakeholders as they manage changing reliability and security risk within the evolving industry landscape.

MUST-WIN BATTLES

Harmonize the CMEP and Reliability Assessment and Performance Analysis Group (RAPA) program areas and leverage a common framework that focuses on risk-based efficiency, effectiveness, and agility across the ERO Enterprise.

Harmonize planning, budgeting, and IT systems, focusing on efficiency, effectiveness, and agility across the ERO Enterprise.

Lead the ERO Enterprise in attracting, engaging, and retaining a workforce with the appropriate technical and leadership skills needed to execute strategy and address critical challenges. Seek top talent, provide opportunities for growth, share expertise across the ERO Enterprise, and position the ERO Enterprise organizations as “employers of choice.”

TEXAS RE ACTIVITIES

- Support ERO projects to develop and implement a common approach to incorporating consideration of registered entity internal controls into the compliance monitoring program.
- Support the ERO’s efforts to drive efficiency and harmonize enforcement processes to ensure the highest risk issues are prioritized and mitigated.

TEXAS RE ACTIVITIES

- Ensure Texas RE’s annual budget appropriately identifies resource needs and that fiscal controls are effectively managed for NERC’s approval.
- Support the continued implementation of Align and Secure Evidence Lockers across the ERO Enterprise and among registered entities.

TEXAS RE ACTIVITIES

- Continue to leverage our positive workplace culture, benefits, facilities, and location to attract and retain key talent.
- Host and promote the second “Women’s Leadership in Grid Reliability and Security Conference” to bring diverse voices across the ERO into conversations about women’s roles in the ERO and encouraging women to enter the field.

Women’s Leadership in Grid Reliability & Security Conference
March 5, 2024



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RISK MITIGATION

The ERO Enterprise will effectively leverage a broad range of data and approaches to assist industry in addressing existing bulk power system risks, and identifying and preparing for emerging and unknown risks to the grid.

MUST-WIN BATTLES

Actively engage with industry stakeholders as they manage rapid change and evolving threats to create a sense of urgency to proactively implement risk mitigations.

Leverage industry-wide expertise to help develop the necessary process(es) to improve the Enterprise's ability to identify new and emerging risks.

TEXAS RE ACTIVITIES

- Support the implementation of the ERO's Inverter-Based Resource Registration Plan and Resource Strategy, and provide outreach to industry on developments to ensure awareness.
- Continue to provide targeted touchpoints with newly registered entities to discuss reliability and security issues and share best practices.
- Developed targeted outreach strategies for key risks in the Texas Interconnection that incorporates stakeholder perspectives and feedback.

TEXAS RE ACTIVITIES

- Support NERC's standards development, implementation guidance, and other risk mitigation processes in the "ERO Framework to Address Known and Emerging Reliability and Security Risks" and provide information to stakeholders to promote awareness.
- Continue to prioritize ERO Risk Elements from the CMEP Implementation Plan within risk assessment, compliance, and enforcement processes, as well as entity outreach.





RISK MITIGATION



MUST-WIN BATTLES

Maintain sufficient staffing levels with requisite skillsets, and develop new organizational structures, processes, and systems to sustain regulatory obligations and address challenges of the transforming grid.



TEXAS RE ACTIVITIES

- Formalize processes to ensure training resources are available to all new and current staff, leveraging NERC's Learning Management System.
- Identify key positions and skillsets to proactively support all activities to attract, engage, and retain a workforce with appropriate technical and leadership skills needed to execute strategy and address the critical challenges.

Create an environment where industry participants focus on reliability, security, and resiliency as opposed to compliance risk.



TEXAS RE ACTIVITIES

- Continue to emphasize industry stakeholder engagement through targeted outreach and collaboration on significant reliability issues.
- Provide robust support for industry efforts to implement effective risk mitigation measures by proactively engaging with industry through small group advisory sessions, one-on-one meetings, Texas RE's "Resource Hub," and other appropriate forums.



The ERO Enterprise will maintain cyber and physical security programs (E-ISAC, Standards, CMEP, technical committee work, outreach and engagement) that are risk-based, efficient, coordinated, and effectively advance the security posture of the industry.



MUST-WIN BATTLES

Maintain a detailed understanding of the threat landscape and situational awareness and facilitate information sharing across the ERO Enterprise with key stakeholders.



Ensure registered entities and other key stakeholders clearly understand the security threat landscape, key risks, and mitigation techniques.



The E-ISAC will monitor and distribute threat intelligence, conduct security briefings as required, and execute the requisite data analysis programs to guide and better inform the Regional Entities, registered entities, and other key external stakeholders.



TEXAS RE ACTIVITIES

- Host a Cyber and Physical Security Workshop to bring a range of perspectives from the ERO, industry, and key policymakers to discuss current and future threat landscapes and security best practices to mitigate those threats.

TEXAS RE ACTIVITIES

- Continue to enhance cyber and physical security outreach beyond CMEP activities to share security information, best practices, mitigation strategies, and lessons learned.
- Promote industry involvement with E-ISAC through outreach opportunities, including workshops and webinars.
- Continue to promote awareness of security issues associated with the electric-gas interface.

TEXAS RE ACTIVITIES

- Partner with NERC and other Regional Entities to support the E-ISAC by providing regular forums for the E-ISAC to share information on emerging cyber and physical security threats.





MUST-WIN BATTLES

Develop a coordinated and integrated security program that reduces security risks and better aligns the related activities conducted by the E-ISAC, IT, Standards, CMEP, technical committees, and Regional Entity outreach.



TEXAS RE ACTIVITIES

- Promote the adoption of NIST cybersecurity framework principles across industry through outreach and discussions of internal security controls.

Maintain position as a trusted advisor on security-related issues and improve ability to be sought out and inform future regulation.



TEXAS RE ACTIVITIES

- Collaborate with industry and share best practices regarding responses to emerging adversarial tactics and techniques, emphasizing the MITRE ATT&CK framework.

Maintain a mature security posture and attract and retain security talent across the ERO Enterprise.



TEXAS RE ACTIVITIES

- Continue to assess and consider technology and cybersecurity resource needs in Texas RE's Business Plan and Budgeting process.
- Utilize the Cybersecurity Governance Council to ensure IT staff roles are appropriate and training is provided to IT & Security staff on threats and mitigation measures.

2024 TEXAS INTERCONNECTION RISK FOCUS AREAS

Texas RE continuously evaluates existing and emerging risks to the Texas Interconnection as a key input to developing risk-based programs across all areas of our work. As Texas RE establishes its priorities and goals for 2024, its specific compliance monitoring and enforcement activities will be focused on mitigating reliability risks in three key areas: (1) grid transformation and inverter-based resources performance; (2) extreme events resiliency and winterization; and (3) cyber and physical security.

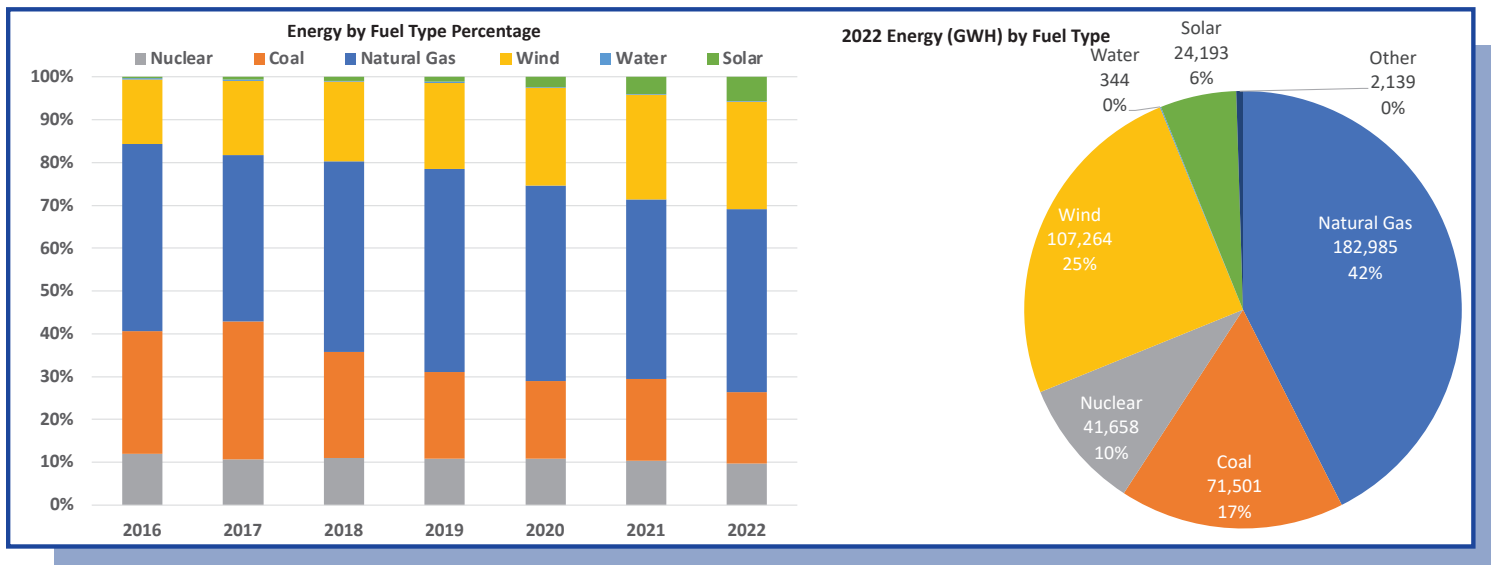
Texas RE will prioritize the mitigation of these risks across its program areas and strive to promote actionable results for reliability improvement in each of these areas.



GRID TRANSFORMATION AND INVERTER-BASED RESOURCES PERFORMANCE

The Texas Interconnection resource mix is undergoing a rapid and fundamental transformation from one dominated by large spinning masses to variable resources operated by power electronics. This transformation is occurring alongside the increased use of natural gas resources for system balancing and the participation of distributed energy resources (DER). Although inverter technology and distributed resources each promise significant benefits, the speed of this change continues to challenge regulators, grid planners, operators, cybersecurity professionals, engineers, and inverter manufacturers, among others.

Historically, analysis of BPS resource adequacy focused on capacity over peak time periods. Today, we face a more complex scenario requiring consideration of energy supply planning over all hours. This reality also places heightened focus on fuel assurance (particularly the gas-electric interface) and ensuring a strong and flexible electric transmission system capable of coping with a wide variety of system conditions.



In 2022, energy from variable resources accounted for over 31 percent of the total energy produced in the Texas Interconnection, nearly double the amount from 2016.

In 2024, Texas RE staff will continue to prioritize compliance, assessment, and outreach activities to continue to address grid transformation and inverter-based resource performance issues. Texas RE will focus on monitoring existing standards related to interconnection requirements for inverter-based resources, planning, modeling and interconnection study activities, and performance issues. Texas RE will also be following up on the July 2023 NERC Alert 2 responses with targeted outreach, as well as continue efforts to improve gas-electric coordination. Finally, Texas RE reliability assessment staff will support the continued evolution of ERO-wide reliability assessments to include energy adequacy analyses across all hours.

As part of the reliability challenges of the Texas Interconnection's changing resource mix, failures of inverter-based resources (IBR) have contributed to a steady stream of events in recent years. As noted in the [2022 Odessa Disturbance Report](#), inverter performance issues continue to be a systemic risk for BPS reliability. In particular, the inability of IBR to reliably ride through faults and support the BPS with essential reliability services poses a reliability concern for the Texas Interconnection. ERCOT continues to work with Generator Owners to mitigate any abnormal performance issues identified in previous disturbances and fashion new local requirements to address performance issues. In addition, NERC staff have submitted a Standards Authorization Request (SAR) to enhance the current Reliability Standards through the development of a comprehensive ride-through standard. While

these mitigation measures are being developed, the increased penetration of IBR requires proactive industry focus on ensuring a reliable resource mix that can effectively support BPS reliability, particularly during contingency events.

EXTREME EVENTS RESILIENCY AND WINTERIZATION

In February 2021, Winter Storm Uri impacted the entire South Central United States, including Texas. Since February 2021, Texas RE, the ERO, Texas regulators, ERCOT, and Generator Owners have worked to implement and support a range of winter preparedness measures, along with other reforms, to improve generator performance during extreme weather events. At the ERO level in particular, new winterization reliability standards became effective in April 2023. Additional Reliability Standards that fully implement the recommendations from the [FERC, NERC and Regional Entity Staff Report: The February 2021 Cold Weather Outages in Texas and the South Central United States](#) will be completed by the end of 2023.

The impacts from Winter Storm Elliott in late 2022 further underscored the importance of these ongoing measures and the need for continued planning, preparation, and vigilance in connection with extreme weather preparedness and planning. The storm impacted Texas with extreme cold temperatures and resulted in outages due to freeze-related issues and natural gas curtailments. The Texas Interconnection did not experience any capacity conditions that necessitated an energy emergency declaration, even as it set a new all-time winter peak record. However, parts of the Eastern Interconnection had energy emergency load shed events during the storm from such generation capacity and gas curtailment issues.

While much of the focus in the Texas Interconnection is on winter preparedness, extreme heat events have also had significant impacts on the BPS. All aspects of power generation and transmission are affected by high temperatures. Higher temperatures can squeeze electricity supplies by reducing the efficiency and capacity of traditional thermal power plants, such as coal, natural gas and nuclear. As the make-up of the Texas Interconnection resource mix continues to rapidly evolve, ensuring resources can meet extreme load demands in the summer months remains an important planning challenge.



In 2024, Texas RE staff will prioritize review of generator plans to mitigate operating emergencies and extreme cold weather events. Texas RE will also focus outreach activities on the implementation of reliability guidelines for generating unit weather readiness, as well as follow-up activities with specific entities regarding responses to the NERC essential actions alert for cold weather preparations for extreme weather events. Leading up to next winter Texas RE will also host its annual Winter Weatherization Workshop.

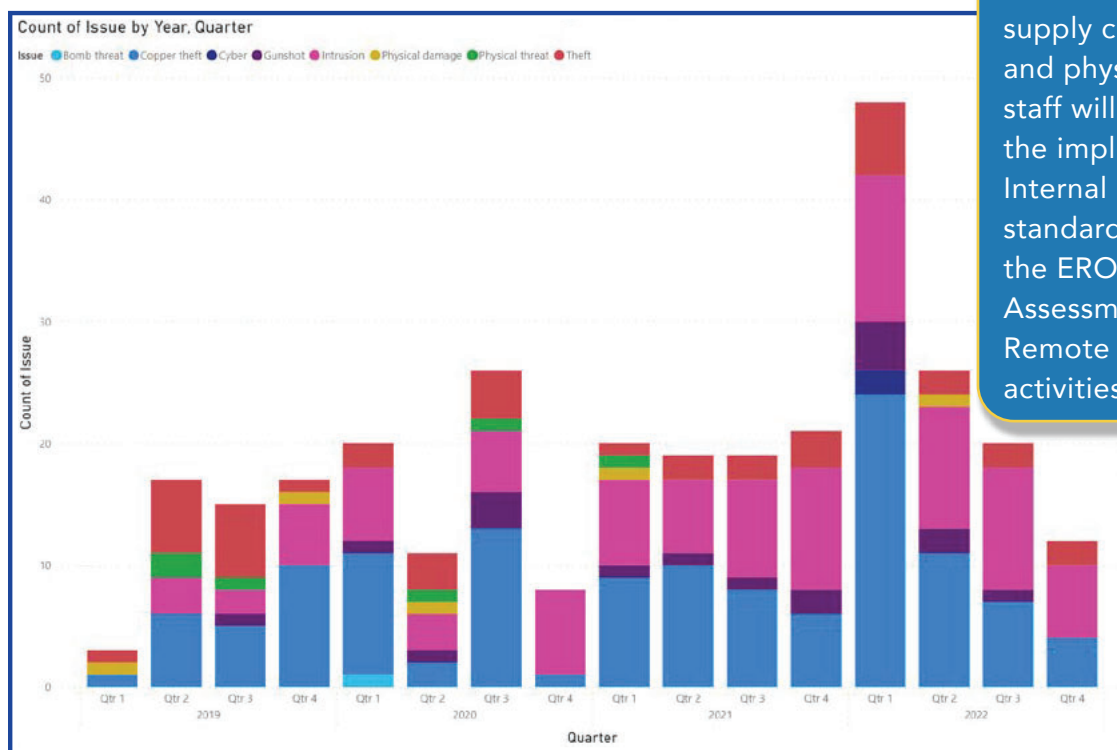
CYBER AND PHYSICAL SECURITY

Like other regions in North America, the Texas Interconnection faces an array of security challenges associated with the convergence of IT and operational technology (OT). As the grid's attack surface increases, Texas RE, the ERO, and industry must collectively maintain nimble and responsive programs to mitigate cyber and physical security risks to accomplish our shared reliability mission. This includes eliminating silos between operational areas and developing cybersecurity concepts critical to fostering a resilient grid.

Texas RE has highlighted the increased use of advanced persistent threats (such as ransomware) directed towards numerous types of critical infrastructure. As cyber assets associated with critical infrastructure become more remote and increasingly interconnected, the risk of remote threats and vulnerabilities from malware and other sources correspondingly increases. Effective implementation of identity and access management, multi-factor authentication (MFA), encryption, malware protection, and monitoring and alerting controls are key to protecting critical facilities from threat actors. Sound incident response plans are also necessary to support restoration and recovery efforts from a cybersecurity incident. Industry must also continue to focus on supply chain risks associated with vendor services and products, including software integrity and vulnerability, to protect its critical assets.

Texas RE has also noted a gradual increase in physical security issues in recent years in the ERCOT region. This, coupled with a series of high-profile attacks on substations in the Pacific Northwest and Southeast United States involving vandalism, tampering, arson, and ballistic damage has led to increasing focus on physical security. Concerns regarding growing physical security threats to the BPS led FERC to issue an order that directed NERC to assess the effectiveness of Reliability Standard CIP-014-3, focusing specifically on the inclusion applicability criteria, associated risk assessments, and whether a minimum level of physical security protections should be established for all BPS transmission stations, substations, and primary control centers.

In 2024, Texas RE staff will continue to prioritize compliance monitoring and outreach regarding remote connectivity and access controls, supply chain risks, incident response, and physical security. Texas RE staff will also continue to support the implementation of the new Internal Network Security Monitoring standards. Texas RE will leverage the ERO's Grid Security Reliability Assessment of Control Center Remote Access to prioritize outreach activities with registered entities.



Reported security incidents in the Texas Interconnection such as theft, intrusions, and cyber incidents more than doubled from 2019 to 2022.



TEXASRE

Ensuring electric reliability for Texans

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