



**TEXAS RE**

# **Physical Security**

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# Agenda

## Risk-Based Compliance Approach

## Physical Security as an Identified Risk

- CMEP IP
- RISC Report
- Texas RE

## IRAs & COPs

## Engagement Scope



# Risk-Based Approach

**NERC and the ERO Enterprise  
have adopted a Risk-Based  
Compliance Monitoring and  
Enforcement Program (CMEP)**

**Compliance monitoring involves  
the use of the ERO Enterprise  
Risk-Based Compliance  
Oversight Framework  
(Framework)**

**As reliability risk is not the same  
for all registered entities, the  
Framework examines BPS risk of  
registered entities (both  
collectively and individually) to  
determine the most appropriate  
CMEP tool to use when  
monitoring a registered entity's  
compliance with NERC  
Reliability Standards**



# ERO Iterative Risk Management Framework

**Framework to address known and emerging reliability and security risks**

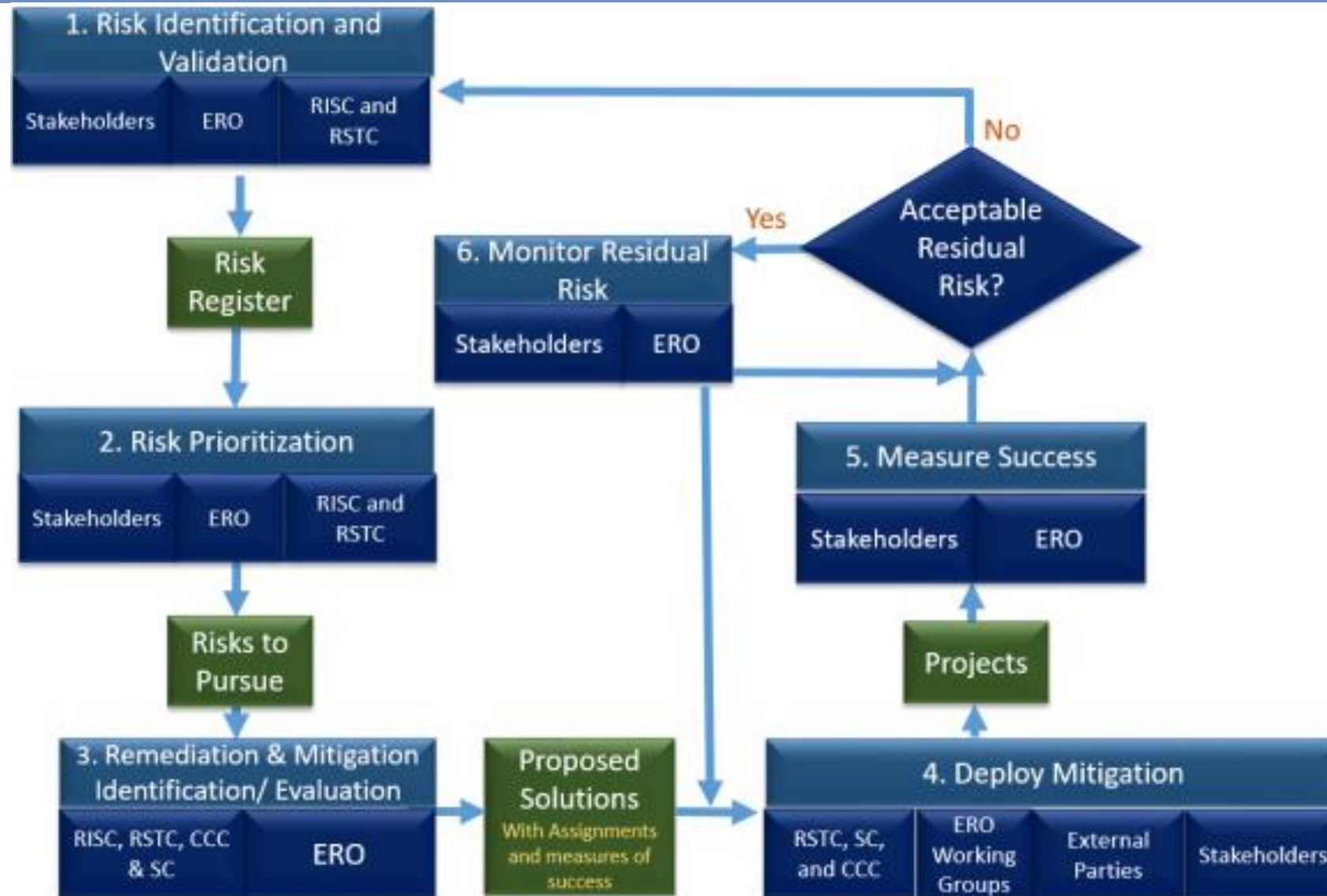
Establishes a consistent framework to identify, prioritize, and address known and emerging reliability and security risks

**Six specific steps have been identified that are consistent with risk management frameworks used by other organizations and industries**

- Risk Identification and Validation
- Risk Prioritization
- Remediation and Mitigation Identification and Evaluation
- Mitigation Deployment
- Measurement of Success
- Monitor Residual Risk



# ERO Iterative Risk Management Framework



# 2024 ERO Enterprise CMEP Implementation Plan (IP)

**CMEP IP** reflects ERO and Regional Entity-specific risk elements that Compliance Enforcement Authorities (CEAs) should prioritize for oversight of registered entities

## 2024 CMEP IP Identified Eight Risk Elements

### Physical Security

- New risk element for the year 2024
- 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



# NERC Physical Security Statistics

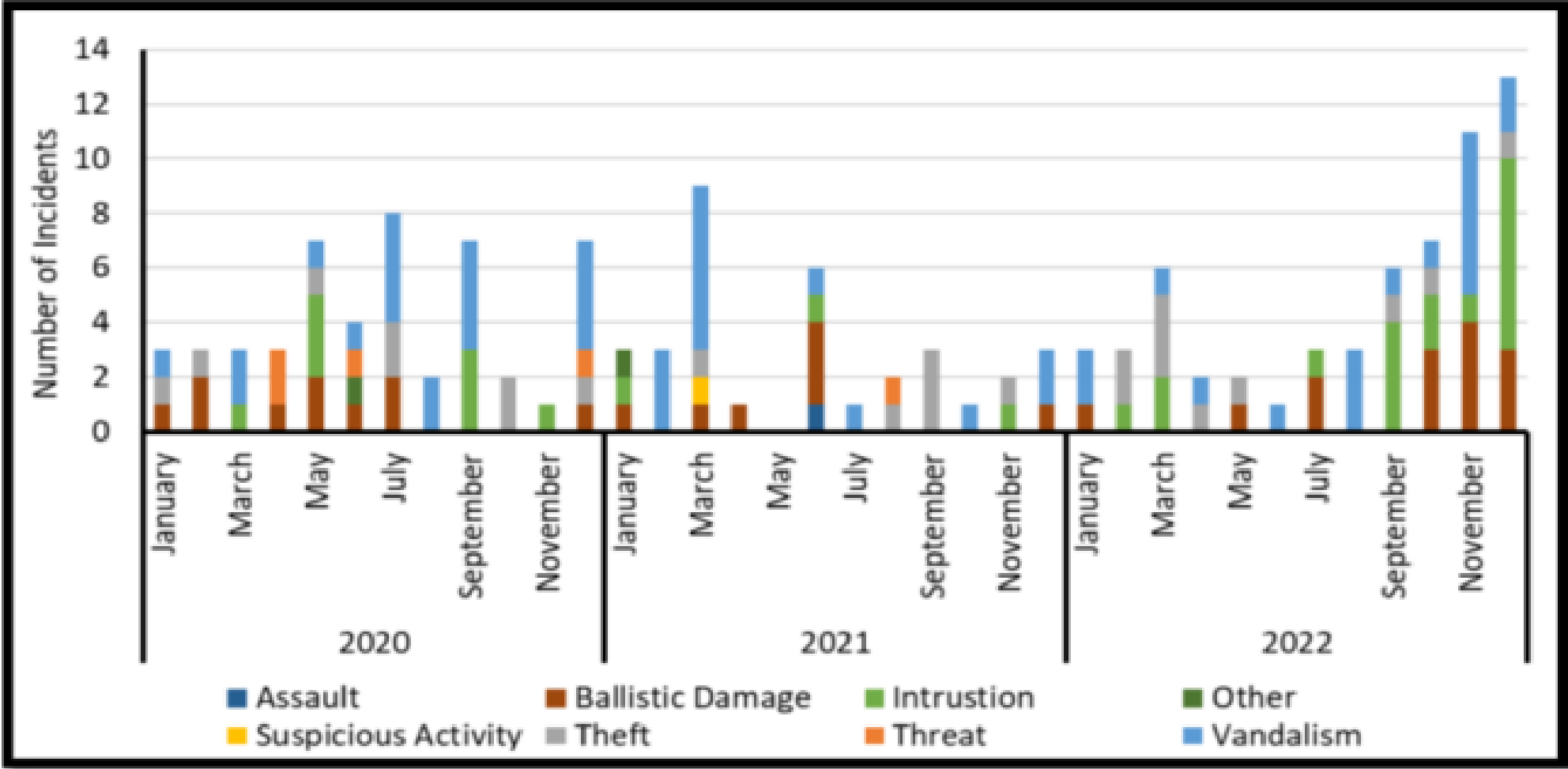


Figure 3: Level 2 and Level 3 Breakdown of Incident Types for 2020–2022





# 2023 ERO Reliability Risk Priorities Report

**Presents the results of the Reliability Issues Steering Committee's (RISC's) work to strategically define and prioritize risks to the reliable operation of the BPS**

**Five risk profiles**

## **Risk Profile #4: Security Risks**

- The impacts from significant physical attacks are likely to be more localized geographically
- Recent on-line chatter (and disrupted efforts to perpetrate) regarding coordinated attacks are concerning
- There is an ongoing evolution of the physical security risk posed by drones and limitations on response capabilities under existing laws and regulations
- Some of the largest risks are considered to be co-dependent with cyber security





# Texas RE Event Review for Physical Security

The number of events related to physical security have greatly increased

Ballistics damage to station break-ins

Evolving physical security risk posed by drones coupled with limitations on response capabilities under existing laws and regulations

Some of the largest risks are the prospective impact of replacing long lead-time equipment damaged during attacks

Not isolated to the Texas Interconnection



# IRA and COP Process

## Inherent Risk Assessment (IRA)

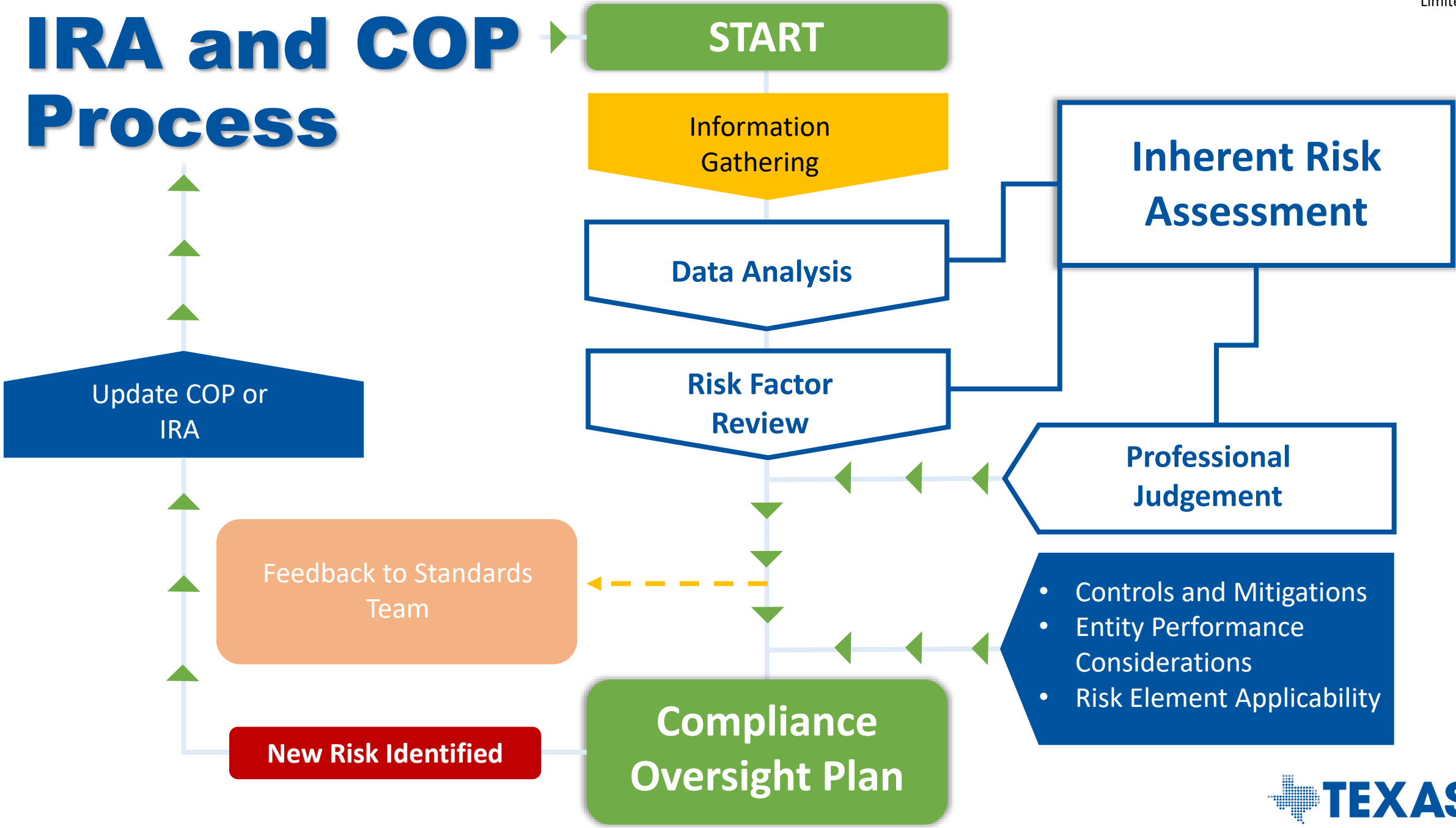
- Risk Factors
  - Ex: BCS Impact Level

## Compliance Oversight Plan (COP)

- Risk Categories
  - Asset/System Physical Protection
- Risk Elements
  - CMEP IP



# IRA and COP Process



# Engagement Scoping

**Registered entities with high and medium impact BCS that have engagements in 2024 may expect to see:**

**CIP-003-8**

**CIP-006-6**

**CIP-014-3**



# References

Framework to Address Known and Emerging Reliability and Security Risks

2024 ERO Enterprise Compliance Monitoring and Enforcement Program Implementation Plan

2023 ERO Reliability Risk Priorities Report



The background of the slide features a blurred image of the Texas state flag on the left and a close-up of a wind turbine's hub and blades on the right. The blades are white with red tips. A dark blue rounded rectangle with a thin light blue border is centered over the image.

# Questions?



**TEXAS RE**

Ensuring electric reliability for Texans