

Industry Report

NERC & FERC Regulatory Considerations

Security industry and electric power generation and transmission professionals are supported and guided by the North American Electric Reliability Corporation (NERC) and Federal Energy Regulatory Commission (FERC). These regulatory bodies have growing influence on the architectural design, installation and maintenance of electrical generation, transmission and distribution facilities. They directly affect security professionals working on, specifying or designing perimeter security solutions for electrical utility facilities.

NERC is a nonprofit corporation formed on March 28, 2006, as the successor to the North American Electric Reliability Council (also known as NERC). NERC's mission is to ensure the reliability of the North American bulk power system and is certified by the Federal Energy Regulatory Commission (FERC) to establish and enforce reliability standards for the North American power system. NERC also investigates and analyzes the causes of significant power system disturbances for an understanding of prevention and best practices. The regions covered by these organizations include entities that encompasses the interconnected power systems of the United States, Canada and Baja California in Mexico.

Of particular significance to the security industry, NERC provides standards for the installation of commercial security systems used for critical infrastructure protection (CIP). Critical infrastructure protection (CIP) outlines the preparedness and response to serious incidents and threats to facility assets in North America. Critical infrastructure is a term that describes essential assets for the functioning of a society and economy and associated with facilities for:

- Electricity generation, transmission and distribution
- Gas production, transport and distribution
- Oil and oil products production, transport and distribution
- Telecommunications facilities
- Water supply, agriculture, food production and distribution

NERC has approved a set of security standards to help support the reliability of the bulk power system. The NERC Physical Security Guideline in particular defines security measures for protecting facilities, assets and perimeters and to ensure the electricity infrastructure. The three key Critical Infrastructure Protection (CIP) standards are defined by:

- CIP-003 - Security Management Controls
- CIP-005 - Electronic Security Perimeters
- CIP-006 - Physical Security. Follow this link for the NERC Physical Security Guide:
<http://www.nerc.com/docs/cip/sgwg/Physical%20Security%20Guideline%202011-10-21%20Formatted.pdf>

See additional information at the NERC website: www.nerc.com

Federal Energy Regulatory Commission (FERC)

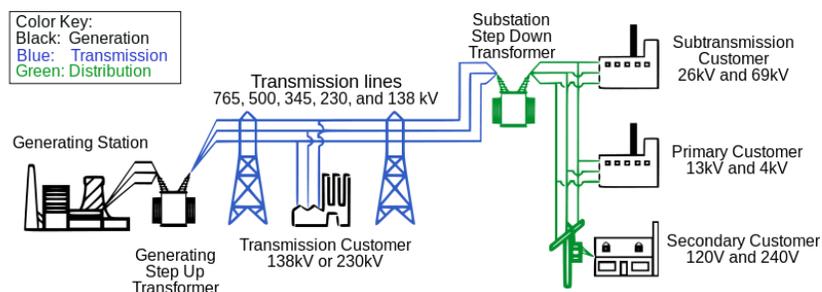
The activities of the Federal Energy Regulatory Commission (Commission) are organized under industry/program areas. FERC's Mission is to ensure reliable, efficient and sustainable energy for customers. FERC assists consumers in obtaining reliable, efficient and sustainable energy services at a reasonable cost through appropriate regulatory and market means. The activities of the Federal Energy Regulatory Commission (Commission) are organized under industry/program areas. The Commission's main electrical industry/program areas are summarized below:

- Regulation of electricity sales and transmission in U.S. interstate commerce.
- Oversight of mandatory reliability standards for the U.S. bulk power system.
- Promotion of strong national energy infrastructure, including transmission facilities.
- Regulation of jurisdictional issuances: debt securities, assumptions of obligations and liabilities, and mergers.

Specific regulatory responsibilities include:

- Wholesale Power Markets: National policy for wholesale power markets.
- Market-Based Rates: grants market-based rate authorization for wholesale sales
- Demand Response and Advanced Metering: facilitate demand participation.
- Electric Reliability: oversees mandatory reliability and security standards
- Transmission Investment: promotes a strong national energy infrastructure.
- Transmission Line Siting: Per Energy Policy Act of 2005 issue permits for new transmission facilities designated by the U.S. Department of Energy.
- Order No. 1000 - Transmission Planning and Cost Allocation: Order No. 1000 is a Final Rule that reforms the Commission's electric transmission planning and cost allocation requirements for public utility transmission providers.
- Mergers and Corporate Transactions: The Commission ensures jurisdictional mergers and corporate transactions consistent with U.S. public interest.

Simplified Bulk Power Illustration



See additional information at the FERC website: www.ferc.gov

For more information, contact:
info@fibersensys.com
Tel: +1(503) 692-4430
Toll free (US) +1(888)736-7971