



# Proposed Security Plan Rules to Inform Physical Security Rulemaking R.15-06-009 Proceeding, Phase 1



**Arthur O'Donnell**

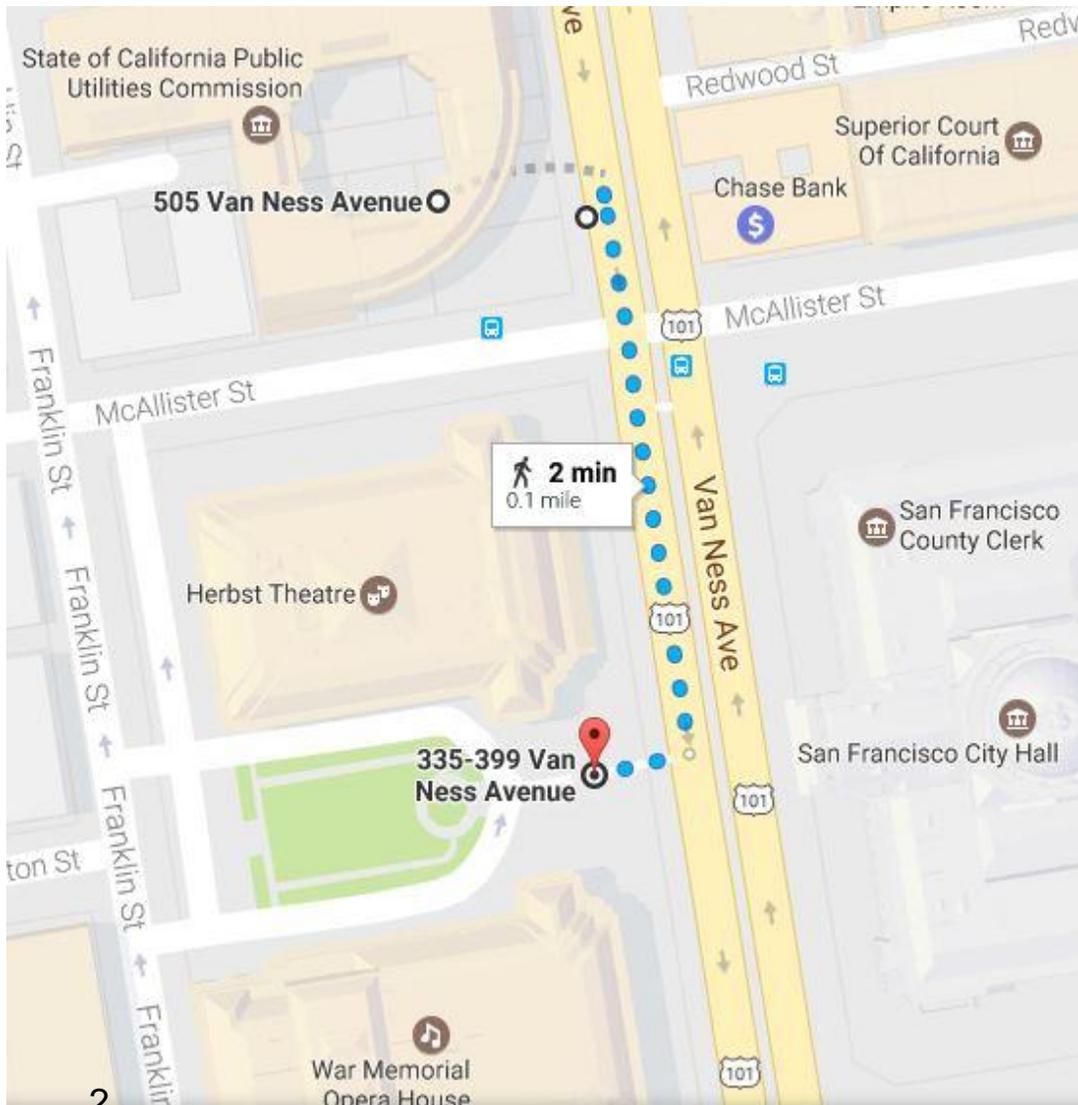
*Risk Assessment Supervisor, CPUC Safety and Enforcement Division*

Workshop 4 | Physical Security | CPUC Courtyard Room | San Francisco

September 29, 2017



# Safety and Emergency Information



- In the event of an emergency, please proceed calmly out the exits
- The Temporary Evacuation Meeting point is located in the public plaza area on Van Ness Avenue opposite City Hall and between the Herbst Theatre and War Memorial Building Opera Plaza



# Agenda for Today's Program

**10:00- 10:15 a.m.     Welcome and Introductions**

**10:15- Noon            Joint-Utility Straw Proposal for New California Standards for Electric Distribution Asset Physical Security Plan Review, Adoption, and Maintenance**

Presentations by the utilities, followed by Q&A

Spotlight on select issues:

1. Security plan review and approval
2. Balancing accounts v. GRCs
3. Sensitive information – D. 16-08-024 confidentiality rules
  - specifying categories of potential “unaffiliated third parties”
  - defining “security-sensitive” information
4. Essential customers, and consideration of trauma centers and nursing homes
5. Commission jurisdiction and POU

**Noon- 1:15 p.m.     L U N C H – one hour, 15 minutes**





# Agenda for Today's Program

**1:15- 2:00 p.m.      Physical Security Plan Consultant Services | Minimum Qualifications for Establishing Third-party Reviewer Competency**

Group discussion with SED and utility staff

**2:00 p.m.              *Break – 10 minutes***

**2:10- 2:50 p.m.      Physical Security Proceeding Scoping Memo Recap and SB 699 Directives Recap and Retrospective**

*A consensus-seeking exercise led by SED staff to recount those items originally believed to have been valid, applicable, and timely and to determine if circumstances have changed such that certain items are now considered as non-essential, and to tally any items not addressed thus far*

**2:50- 3:30 p.m.      SED Staff White Paper on Physical Security Plan Update and Overview**

Presentation by SED staff, followed by Q&A

**3:30 p.m.              A D J O U R N**





# R.15-06-009 Remaining Milestones

## 2017

- Workshop 4 – September 29 (*San Francisco, Calif.*)
- 2017 CPUC Staff White Paper on Physical Security Comment Draft  
– week of October 30 (*tent.*)
- Final Straw Proposal Submittal/Response Comments to White Paper  
Due – week of November 13, 2017 (*tent.*)
- Workshop 5 – December 6 (*if needed*)

## 2018

- Proposed Decision Issued – February 2018 (*tent.*)





# Proceeding Issues Addressed Recap

*SB 699 amended Public Utilities Code Sec. 364 to provide for the following:*

- Requires the Commission to open a new proceeding or phase of an existing proceeding by July 1, 2015, to consider adopting standards or rules to address the physical security risks to the distribution systems of electrical corporations.
- The standards or rules may be based on risk management practices as appropriate, for each substantial type of distribution equipment or facility.





# Proceeding Issues Addressed Recap

*(cont.)*

*SB 699 amended Public Utilities Code Sec. 364 to provide for the following:*

- In setting the standards or rules, the Commission shall consider cost, local geography and weather, applicable codes, potential physical security risks, national electric industry practices, sound engineering judgment, and experience.
- Provides that the Commission may, consistent with other provisions of law, withhold from the public information generated or obtained pursuant to this section that the Commission deems would pose a security threat to the public if disclosed.





# Proceeding Issues Addressed Recap

*The R15-06-009 Scoping Memo, March 10, 2017, advanced 14 questions and issues to frame the proceeding:*

- 1. What is currently in place in terms of physical security regulations at the state and federal level?
- 2. What are the key potential physical security risks to electrical distribution facilities?
- 3. What new rules, standards, or General Orders or modifications to existing policies should the Commission consider to help mitigate physical security risks to electrical distribution facilities?





# Proceeding Issues Addressed Recap

*(cont.)*

*The R15-06-009 Scoping Memo, March 10, 2017,  
advanced 14 questions and issues to frame the proceeding:*

- 4. Should the Commission go beyond the physical security regulations presented in the North American Electric Reliability Corporation (NERC) CIP-014-2 physical security regulations?
- 5. Should any new rules, standards, or General Orders or modifications to existing policies apply to all electrical supply facilities within the jurisdiction of the Commission, including publicly owned electrical utilities and rural electric cooperatives?





# Proceeding Issues Addressed Recap

*(cont.)*

*The R15-06-009 Scoping Memo, March 10, 2017,  
advanced 14 questions and issues to frame the proceeding:*

- 6. What regulations or standards should be established for small and multi-jurisdictional electric corporations?
- 7. What has changed since Metcalf and what still needs to be accomplished in terms of physical security?
- 8. Are there other factors not listed in Section 364(b) of the Pub. Util. Code that the Commission should consider when adopting any new rules, standards, or General Orders or modifications to existing policies during this rulemaking that will help to minimize attacks and the extent of damages?





# Proceeding Issues Addressed Recap

*(cont.)*

*The R15-06-009 Scoping Memo, March 10, 2017,  
advanced 14 questions and issues to frame the proceeding:*

- 9. What new rules or standards or modifications to existing policies should the Commission consider to allow for adequate disclosure of information to the public without disclosing sensitive information that could pose a physical security risk or threat if disclosed?
- 10. What is the role of cost and risk management in relation to the mitigation of any potential physical security risks to electrical supply facilities?





# Proceeding Issues Addressed Recap

*(cont.)*

*The R15-06-009 Scoping Memo, March 10, 2017,  
advanced 14 questions and issues to frame the proceeding:*

- 11. Should any new rules, standards, or General Orders or modifications to existing policies the Commission considers be prescriptive or performance based, or both?
- 12. What new rules, standards, or General Orders or modifications to existing policies should the Commission consider to ensure continued operation, reliability and safety during periods of emergencies and disasters as it relates to the physical security of electrical facilities?





# Proceeding Issues Addressed Recap

*(cont.)*

*The R15-06-009 Scoping Memo, March 10, 2017,  
advanced 14 questions and issues to frame the proceeding:*

- 13. How should this rulemaking proceed in order to ensure consistency with the NERC, Federal Energy Regulatory Commissions (FERC), the California Independent System Operator (CAISO), the Department of Homeland Security (DHS), the Federal Bureau of Investigations (FBI) and other regulatory agency regulations?
- 14. What ongoing processes should be instituted to ensure confidentiality of physical security information while providing adequate access to necessary information by the Commission?





# 2017 CPUC Staff White Paper

## General Themes

- *Is a companion document to 2015 White Paper intended to describe and document all that has happened since 2015 and through 2017*
- *Is a succinct document that intends to illuminate past precedent and present comparative examples of various approaches and solutions to electric facility physical security*
- *Is an additional tool and touchstone for stakeholders and decision makers to support the public process and further build the record*





# 2017 CPUC Staff White Paper

Chapter Outline

**Executive Summary**

**Intro – Background on Metcalf Incident and SB 699**

**SED Staff Efforts to Inform the Proceeding**

**Post-Metcalf Context**

**Distribution Facilities Purpose and Risk**

**Incident Reporting Best Practices**

**Confidential and Sensitive Information**

**Utility GRCs Informing Physical Security Efforts**

**Utility Straw Proposal**

**Conclusion and Staff Recommendations**





# Physical Security in GRCs

- **Pacific Gas & Electric TY2016 GRC (A.15-09-001)**

Costs associated with physical security at distribution substations are bundled together in Major Work Category 58, via four subprograms covering safety, security, fire protection and seismic enhancements.

“Expenditures include the replacements or upgrades of substation fences, security cameras and card readers, fire suppression systems and seismic retrofits to control buildings.” At the time of its filing, PG&E did not project any expenditures to meet future requirements under SB 699/R.15-06-009, and it did not plan to recover any costs during this rate case cycle.

**(\$000) PG&E Distribution Substation Security Spending 2014-2019; PG&E-04, pp. 12-27**

<b>Substation</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Total</b>
	<b>(actual)</b>	<b>(forecast)</b>					
<b>Security</b>	\$1,070	\$461	\$364	\$1,300	\$1,300	\$1,300	<b>\$5,795</b>





# Physical Security in GRCs

- **Southern California Edison TY2017 (A.16-09-001)**

No detailed information about distribution-level asset security. However, the utility’s testimony devoted to Transmission & Distribution substation construction provided a high level of expenditures for substation physical security during the GRC period 2016-2020, with a breakout for costs that are CPUC jurisdictional amounting to over \$49.5 million for the forecast period.

(\$000) Substation Construction & Maintenance Total & CPUC Jurisdictional; SCE-06, Vol. 6, pg.2

	2016	2017	2018	2019	2020	Total
<b>Substation Physical Security</b>	\$22,341	\$51,617	\$25,641	\$22,404	\$23,877	<b>\$145,880</b>
<b>CPUC Jurisdictional</b>	\$10,040	\$12,226	\$9,403	\$8,798	\$9,077	<b>\$49,544</b>

Within its substation physical security program, there are three categories of spending: Copper theft mitigation program, CIP-14 compliance, and lower-tier in terms of potential impacts on the system if a physical attack or breach occurs. Except for copper theft program, most expenditures are FERC-jurisdictional.





# Physical Security in GRCs

- **SDG&E's TY 2016 (A.14-11-003/D.16-06-054)**

For its GRC, SDG&E documented a steady-state physical security budget of \$834,000 per year in 2014-2016, essentially the same as actual 2013 spending. The cost justification was based on increased compliance for critical infrastructure at 59 substations and to prevent copper theft and sabotage, according to SDG&E . Among security measures in the program: video surveillance, night-time illumination, access control door card readers, perimeter microwave intrusion detection and alarms. Security systems would be installed at all 230 KV cable locations.

(\$000) SDG&E Distribution Substation Security Spending, pg. 101

	2013	2014	2015	2016	Total
<b>Physical Security &amp; Copper Theft prevention</b>	\$834	\$834	\$834	\$834	<b>\$3,336</b>

SDG&E did not break out physical security as a risk mitigation area in its RAMP, although SoCal Gas did. More information on SDG&E physical security of distribution assets is expected as part of the next GRC filing, due to be filed in early October.





## Questions?

California Public Utilities Commission

[www.cpuc.ca.gov](http://www.cpuc.ca.gov)

Safety and Enforcement Division

Risk Assessment and Safety Advisory Section

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## Addendum

### R.15-06-009 Proceeding **Proposed Unaffiliated 3<sup>rd</sup> Party Reviewer Qualifications** Workshop 4, September 29, 2017

In general, Reviewer is entity other than utility with appropriate expertise

Selected reviewer cannot be corporate affiliate or division of utility

Municipal utility can select other governmental entity with appropriate credentials (e.g. local law enforcement)

What is appropriate expertise?

- Entity or organization with electric industry experience and whose review staff has appropriate physical security expertise per CIP-014-2, e.g. CPP, PSP.
- Entity with demonstrated law enforcement, government or military physical security expertise.
- Entity approved by CPUC (potentially)

