Overview of Joint Parties' Straw Proposal for Physical Security

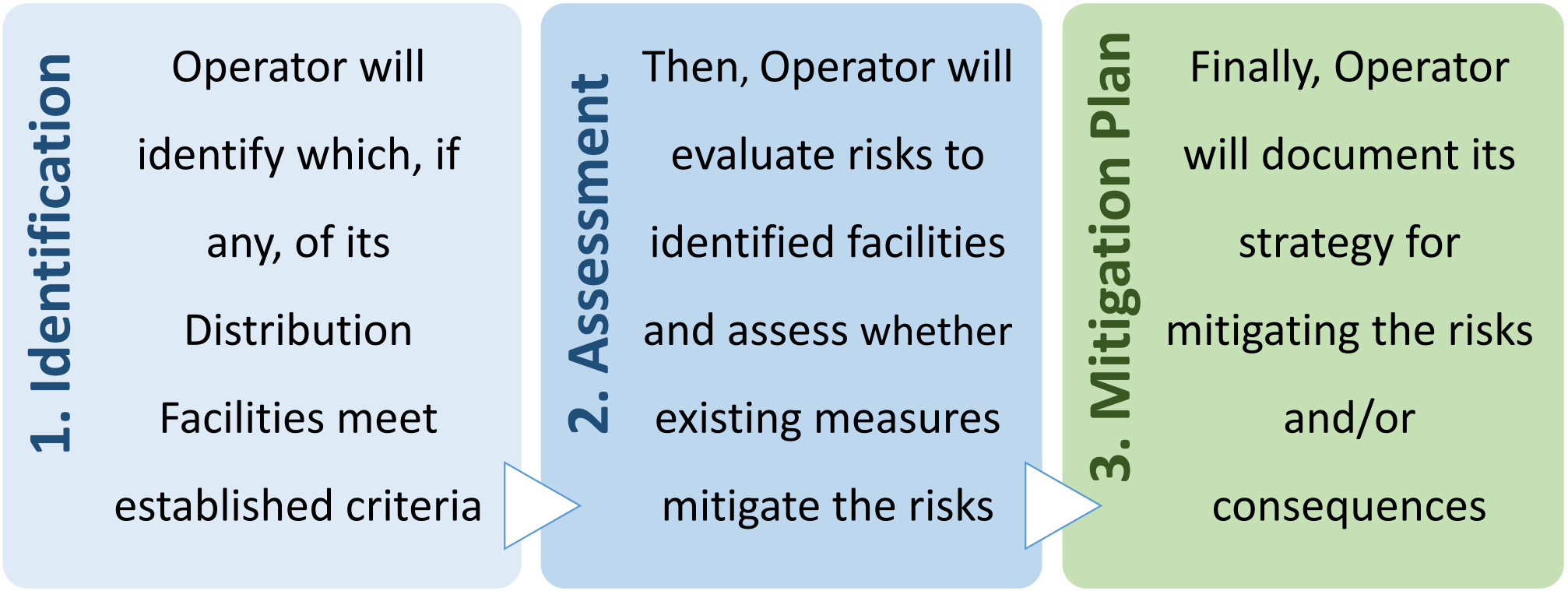
CPUC Physical Security Rulemaking (R.15-06-009) Workshop

September 29, 2017

Proposal Development

- The Proposal reflects general principles established in CPUC workshops and would implement a risk management approach, which considers resiliency, impact, and cost.
- Distribution systems are not subject to the same physical security risks and associated consequences as the transmission system.
- The purpose of this proposal is to take certain actions to reduce the risk or consequences, or both, of a significant attack. Not to eliminate all risk.
- A one-size-fits-all standard or rule will not work; utilities must address physical security risks in a manner that works best for their systems and unique situations.
- Physical security and operational resiliency or redundancy solutions should be considered.
- The focus should not be on all Distribution Facilities, but only those that risk dictates would require additional measures.
- Planning and coordination with regulatory and law enforcement authorities may help prepare for attacks and help reduce or mitigate their potential consequences.

Process Overview



- **An experienced unaffiliated third-party will review the Identification and Assessment evaluations and the Mitigation Plan(s)**
- **The CPUC or the governing board of a Publicly Owned Electrical Utility or Electrical Cooperative may review or establish a process for review of the third-party verification**

General Criteria for the Identification Phase

- Distribution Facility needed for crank path, black start or essential to the restoration of regional electricity service that are not subject to CAISO control or NERC standards
- Distribution Facility that is the primary source of electrical service to a military installation essential to national security and/or emergency response services
- Distribution Facility that serves installations necessary for the provision of regional drinking water supplies and wastewater services
- Distribution Facility that serves a regional public safety establishment
- Distribution Facility that serves a major transportation facility
- Distribution Facility that serves a Level 1 Trauma Center as designated by the Office of Statewide Health Planning and Development
- Distribution Facility that serves over 60,000 meters

General Criteria for the Assessment Phase

- The existing system resiliency and/or redundancy solutions (e.g., switching the load to another substation or circuit capable of serving the load, temporary circuit ties, mobile generation and/or storage solutions)
- The availability of spare assets to restore a particular load
- The existing physical security protections to reasonably address the risk
- The potential for emergency responders to identify and respond to an attack in a timely manner
- Location and physical surroundings, including proximity to gas pipelines, geographical challenges, and impacts of weather
- History of criminal activity at the Distribution Facility and in the area
- The availability of other sources of energy to serve the load (e.g., customer-owned back-up generation or storage solutions)
- The availability of alternative ways to meet the health, safety, or security requirements served by the load (e.g., back up command center or water storage facility)

Mitigation Plan

- The primary focus of the Mitigation Plan is to specifically address the risk of a long-term outage to a Covered Distribution Facility due to a physical attack.
- Each Operator will develop and implement a Mitigation Plan to address the potential risks associated with a physical attack on its respective Covered Distribution Facilities.
- The Operator has discretion to select the specific security measures or resiliency solutions it deems most appropriate.
- The Mitigation Plan will include consideration of the reasonableness of the cost of any recommended physical security improvements or resiliency solutions.

Examples of Resiliency Solutions	Examples of Security Solutions
• Strategically Located Spares	• Limits to Access
• Distribution Resiliency Upgrades	• Deterrent to Unauthorized Entry
• Enhanced Resiliency Response	• Coordination with Law Enforcement

Security Plan Review & Approval

- Each Operator will select an unaffiliated third-party with the appropriate experience needed to review the Identification and Assessment evaluations and the Mitigation Plan.
  - This review may occur concurrently with or after the development of the Mitigation Plan.
- The unaffiliated third-party will review the documents and, if appropriate, make recommendations.
- Each Operator will either modify its Mitigation Plan consistent with any recommendations from the third-party review or document its reasons for not doing so.
- The Commission may review the unaffiliated third-party verification performed pursuant to an Electrical Corporation's Distribution Security Program to determine such verification was performed appropriately.
  - The documents developed as part of a Distribution Security Program are considered to be Security-Sensitive. Thus, the review would take place at the Electrical Corporation's headquarters or other mutually-agreed upon location.
- For Local Publicly Owned Electrical Utilities and Electrical Cooperatives, the appropriate governing board may review or establish a process to review the third-party verification.