

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**Joint Staff White Paper on Notices of )  
Penalty Pertaining to Violations of Critical ) Docket No. AD19-18-000  
Infrastructure Protection Reliability Standards )**

**Comments and Alternate Proposal**

Submitted to FERC on September 6, 2019

Henry Newton, a private citizen, respectfully submits comments and an alternate proposal on FERC Docket No. AD19-18-000, Joint Staff White Paper on Notices of Penalty Pertaining to Violations of Critical Infrastructure Protection Reliability Standards.

I like that the Federal Energy Regulatory Commission (FERC) and the North American Electric Reliability Corporation (NERC) have proposed to seek more transparency in Notice of Penalty (NOP) filings. Such public transparency is critical to the security of the bulk power system as it provides an incentive for companies to comply with mandatory Critical Infrastructure Protection (CIP) standards. It also provides the means for public, investor, Congressional and state scrutiny and evaluation of the violators and the regulatory system.

**Background and Public Interest in the Identities of eIP Violators**

On February 28, 2018 NERC submitted a proposed Notice of Penalty to FERC on an "Unidentified Registered Entity" in Docket No. NP18-7-000. This entity was fined \$2,700,000 for a massive cybersecurity breach that, according to NERC, posed a "serious or substantial risk" to the electric grid. This cybersecurity breach and the subsequent Notice of Penalty garnered been released to FERC's public docket or on NERC's website. So even with names that are released under FOIA, a transparency issue remains.

As of August 31, 2019 there have been a total of 255 FERC dockets involving almost 1,500 "Unidentified Registered Entities" or (UREs), which is an industry term for a CIP violator whose name is being withheld from the public.

**The White Paper Proposal on NOP**

Discussion of White Paper – It proposes the following disclosures.

A new approach is offered in which NERC would submit CIP NOPs containing a public cover letter and a confidential attachment. The cover letter would publically disclose: (1) the name of the violator, (2) the Reliability Standard's violated (but not the requirement or sub-requirement violated), and (3) the penalty amount per page 10 of the white Paper.

NERC would provide details on the nature of the violation, mitigation activity, and potential vulnerabilities to cyber systems in a confidential attachment. In addition per page 13 'NERC would submit CIP NOPs only after mitigation of the underlying violation is completed'.

The staffs of FERC and NERC have done well in moving forward to engage in a public discussion about disclosure of the identities of CIP violators, buy the above proposal does not give the public,

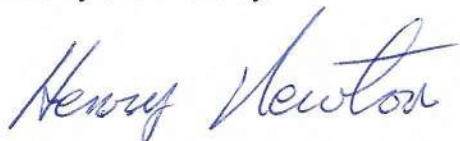
investors, Congress and other regulators the information needed to ensure that companies comply with their obligations to protect the critical infrastructure and to ensure that the regulatory system is working.

Therefore, I propose the following seven items (a through g) as an alternative NOP approach based on my special interest in protecting the national electrical power grid and providing enough 'public' information for numerical statistical evaluations of limited data, use by Congress and State Regulators, and use by investors

- a) Duration of violation
- b) Settlement agreement
- c) Date violation discovered
- d) Aggravating and mitigating factors in penalty assessment
- e) How violation 'Vi/as discovered (e.g., self-report, audit, etc.)
- f) A plain English (non-technical) description of each violation.
- g) All information fields contained in the present NERC "Searchable NOP Spreadsheet" including the name of the entity disclosed in the "Registered Entity" field of data.

The above seven items Sept 3, 2019 by citizen Michal Mabee has also requested FERC to consider these 7 item also. I believe that the details he provided are adequate reasons to expand the white paper recommendations.

Respectfully submitted by:

A handwritten signature in blue ink that reads "Henry Newton". The signature is written in a cursive, flowing style.

Henry Newton  
Professional Engineer and a member of IEEE

Document Content(s)

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