

**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 of DeNexus Inc.

DeNexus Inc. appreciates the opportunity and respectfully submits these comments in response to Federal Energy Regulatory Commission (“FERC” or “Commission”) and North American Electric Reliability Corporation’s (“NERC”) Joint Staff White Paper on Notices of Penalty pertaining to Violations of Critical Infrastructure Protection (“CIP”) Reliability Standards (“White Paper”)¹.

I. Background

On August 27, 2019, FERC posted the White Paper which proposes that NERC will submit each CIP Notice of Penalty (“NOP”) with a public cover letter that reveals the name of the violator, which reliability standards were violated, and the amount of penalties assessed. In addition to the public cover letter, NERC will also submit non-public attachments that detail the nature of the violation, mitigation activity and potential vulnerabilities to cyber systems. The non-public attachments will contain information identified as Critical Energy Infrastructure Information (CEII).

Due to the increased number of Freedom of Information Act (FOIA) requests for non-public information in NOPs associated with violations of CIP reliability standards, the proposed White Paper hopes to increase transparency to the public by providing access to information on CIP standard violations, while still ensuring sensitive information is not exposed that could risk grid security.

The White Paper requests commenters to provide comments in general and also focus on the following four topics:

1. The potential security benefits from the new proposed format.
2. Any potential security concerns that could arise from the new format.
3. Any other implementation difficulties or concerns that should be considered.
4. Whether the proposed format provide sufficient transparency to the public.

II. Comments

DeNexus Inc. supports the White Paper’s approach to increase CIP NOP’s transparency by creating a public report that includes the name of the violator, which reliability standards were violated, and the

¹ <https://www.ferc.gov/media/news-releases/2019/2019-3/AD19-18-000-Joint-White-Paper-NoFR.pdf>

amount of penalties assessed and a non-public report, detailing the nature of the violation, mitigation activity and potential vulnerabilities to cyber systems.

1. The potential security benefits from the new proposed format.

DeNexus Inc. believes there are potential security benefits from the new proposal due to the increase in cyber event information sharing. The sharing of this information will provide awareness and assist other Registered Entities to improve their ability to mitigate such an event on or in their own assets. We see immense security benefits if the non-public CIP NOP reports related to external influences are shared as a Lesson Learned or a similar report is sent to all active Registered Entities listed on NERC's NCR Active Entities List². The industry shared report should provide full disclosure regarding the nature of the event, technique(s) and method(s) used to gain access to compromise any BES Cyber Assets or BES Cyber Systems and what relative information regarding the transversal of the cyber kill chain. If the scope and details of the information is limited, so is the value of the shared information.

In addition, the proposed White Paper encourages greater level of necessity to comply with the CIP Standards due to increased visibility to the public of which entities are receiving fines and the relative scale of those fines.

2. Any potential security concerns that could arise from the new format.

As mentioned above, the non-public CIP NOP's information should only be shared with NERC Registered Entities holding active NCR registration to prevent a feedback loop to threat actors as to the efficacy of their attack.

3. Any other implementation difficulties or concerns that should be considered.

If the non-public report pertaining to external influences is shared within the industry, a process needs to be implemented to ensure the information is controlled and not shared outside the industry unless sensitive data has been redacted.

4. Whether the proposed format provide sufficient transparency to the public.

DeNexus Inc. believes the CIP NOP public report provides sufficient transparency to the public. The public will now be informed which NERC Registered Entity is the violator, the CIP reliability standards that were violated, and the amount of penalties assessed.

Also, by exposing the violated standards, the industry is able to track violations and identify trends on if particular standards continuously are being violated. If a trend does occur, the industry will be

² <https://www.nerc.com/pa/comp/Pages/Registration.aspx>

able to look into the standards and see if there is an issue with the standards themselves and then start the process to revise the standards to address the potential problem.

III. Conclusion

DeNexus Inc. respectfully requests that FERC and NERC consider the comments submitted here in evaluating the Joint Staff White Paper on Notices of Penalty pertaining to Violations of CIP Reliability Standards.

Respectfully submitted,

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