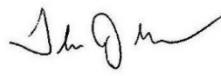


To: NERC Board of Trustees (BOT)
From: Thomas J. Galloway, NATF President and CEO 
Date: January 13, 2021
Subject: NATF Periodic Report to the NERC BOT (February 2021)
Attachments: NATF External Newsletter (January 2021)

The NATF interfaces with the industry as well as regulatory agencies on key reliability, resiliency, security, and safety topics to promote collaboration, alignment, and continuous improvement, while reducing duplication of effort. Some examples are highlighted below and in the attached NATF external newsletter, which is also available on our public website: www.natf.net/news/newsletters.

Response to COVID-19 Challenges

The NATF continues to work with members and industry partners on responding to the pandemic. A successful ongoing endeavor is collaboration with NERC, the U.S. Department of Energy (DOE), and the Federal Energy Regulatory Commission on an epidemic/pandemic response plan resource. As noted in the newsletter, version 4 of the resource was issued in January.

NERC Alert Regarding Supply Chain Compromises by Advanced Persistent Threat Actor

The NATF conducted a well-attended member webinar on December 29, 2020, to socialize the alert; highlight key points of emphasis as discussed in a meeting of NATF, NERC, and E-ISAC senior leadership; enable member sharing of approaches to address the risk; and solicit questions.

DOE Prohibition Order

The NATF is coordinating with its members regarding the “Prohibition Order Securing Critical Defense Facilities” issued by U.S. Secretary of Energy Dan Brouillette on December 17, 2020.

NATF-NERC Leadership Meetings

NATF and NERC leadership meet periodically to discuss collaborative work and industry topics. A call is scheduled for January 21. Agenda topics include facility ratings, grid security emergencies, and supply chain.

NERC 2021 Reliability Leadership Summit

Representatives from NATF members, including board directors, and the NATF CEO will participate as panelists, moderators, and speakers in this summit. Topics include grid transformation, extreme natural events, security risks, and critical infrastructure dependencies.

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Facility Ratings

NATF staff is communicating with NERC leadership, the Compliance and Certification Committee, and the Reliability and Security Technical Committee regarding facility ratings to help reduce any potential duplication of effort. In addition, as reported in November 2020, the NATF has conducted an initial baseline survey of member implementation status of key practices in the “NATF Facility Ratings Practices Document,” published in June 2020, and is preparing reports for its members. Periodic, high-level summary reports on NATF member overall implementation status will be provided to NERC and the regions (ERO) approximately every six months, with the first report expected towards the end of the first quarter of 2021. See more about NATF work in the attached newsletter.

NATF Supply Chain Efforts

NATF supply chain efforts continue to align industry entities and suppliers on criteria and information needed for entities to assess a supplier’s cyber security risk posture and facilitate mutual risk mitigation, assist entities with methods to conduct supplier risk evaluations, work with other organizations on potential ways to mitigate risk—such as the October 22 webinar on “Managing Compromise of Network Interface Cards,” and align with other supply chain cyber security efforts.

As noted in the attached newsletter, the NATF and the Industry Organizations Team are beginning the annual review process of the NATF Criteria and Questionnaire with inputs from industry, suppliers, third-party assessors, and others (e.g., the World Economic Forum) and hosted a second webinar designed for suppliers (“Suppliers: Responding to Requests for Cyber Security Information”) on January 12.

North American Transmission Forum External Newsletter

January 2021

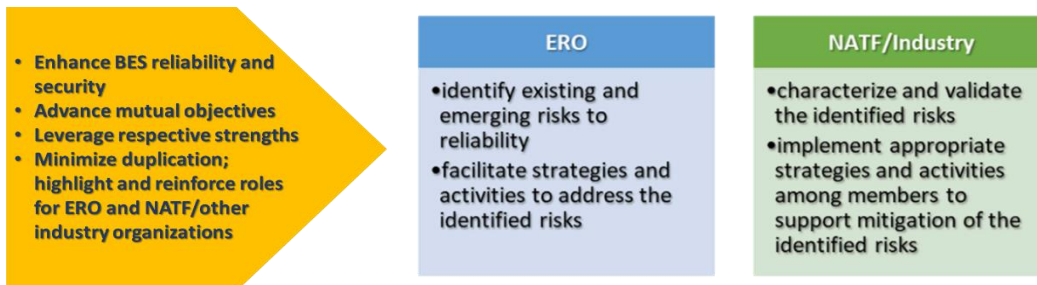
Epidemic/Pandemic Resource Supplemented with Safety and Work-Environment Considerations

The [Epidemic/Pandemic Response Plan Resource](#) has recently been updated to include information on personal protective equipment use, a tertiary control center strategy, and configuration options for control centers and office space.

The resource—which focuses on planning/preparedness, response, and recovery activities for a severe epidemic/pandemic—was jointly developed by the NATF, the North American Electric Reliability Corporation, the U.S. Department of Energy, and the Federal Energy Regulatory Commission to help utilities create, update, or formalize their epidemic/pandemic plans in response to the COVID-19 pandemic.

NATF-SERC-RF Pilot Collaborations on Supply Chain Risk Mitigation and Facility Ratings

In April 2019, the NATF and NERC executed an updated memorandum of understanding to advance mutual objectives, leverage respective strengths, and minimize duplication of effort. Upon agreement among NERC, the NATF, and regional entity CEOs, two initial topics (facility ratings and supply chain risk mitigation) were selected to pilot a collaboration approach with two of the Regional Entities—ReliabilityFirst (RF) and SERC. These pilot collaborations aim to highlight and reinforce the following roles for the ERO and the NATF and other industry organizations, consistent with the NERC-NATF MOU:



The pilot collaborations will also help to develop a repeatable approach for collaboration between the NATF and the ERO Enterprise.

Facility Ratings

A team of subject-matter experts (SMEs) from NATF member companies developed and published the “NATF Facility Ratings Practices Document” in mid-2020. These practices can help ensure that facility ratings are developed using the entity’s facility ratings methodology, equipment and facilities are built and maintained in the field to ensure ratings are accurate, and ratings for equipment and facilities are documented and communicated. The NATF practice document provides a guide to members for establishing a sustainable

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process for developing and maintaining accurate facility ratings. The NATF facility ratings practices were compared against a facility ratings problem statement created by the ERO in November 2019 to ensure the practices developed by the NATF membership address the issues and align with the controls identified by the ERO Enterprise.

The NATF is working with its members to socialize and review member implementation of the NATF facility ratings practices. Periodic, high-level summary reports on NATF member overall implementation status will be provided to NERC and the regions (ERO) approximately every six months, with the first report expected towards the end of the first quarter of 2021.

In addition, NATF staff is communicating with NERC leadership, the Compliance and Certification Committee, and the Reliability and Security Technical Committee regarding facility ratings to help reduce any potential duplication of effort.

Supply Chain Risk Mitigation

For the collaboration on supply chain entity risk mitigation, the NATF, RF, and SERC had planned to develop and conduct a workshop for registered entity security professionals and SMEs in each of the two regions on mitigation practices that entities can employ on their systems, equipment, and networks as an additional line of defense to augment the supply chain risk assessment and procurement practices that are focused on addressing risks at the source. Plans for the face-to-face workshops were postponed due to pandemic restrictions on travel and gatherings. In the interim, the NATF, RF, and SERC collaborated to conduct an industry-wide special webinar on “Identifying and Managing Potential Compromise of Network Interface Cards” on October 22, 2020. The webinar featured presentations from the NATF, RF, SERC, NERC, FERC, and NATF member-company SMEs on the following topics:

- Overview of NATF-ERO Collaboration Pilot
- NATF Supplier Cyber Security Assessment Model – How Entity Mitigation Fits In
- NERC/FERC Joint Staff White Paper on Supply Chain Vendor Identification
- Regional Entity Perspectives on Responding to Supply Chain Compromise Risk
- NATF Member SME Perspectives/Experiences with Supply Chain Compromise Mitigation

Slides from the webinar are posted [here](#) on the NATF public site.

The NATF will continue to work with RF and SERC to explore options for future regional workshops or special webinars on entity mitigation of supply chain risks.

NATF Begins Annual Revision Process for Supply Chain Criteria and Questionnaire

This month, the NATF is beginning the annual revision process for the NATF “Energy Sector Supply Chain Risk Questionnaire” (Questionnaire) and the “NATF Cyber Security Criteria for Suppliers” (Criteria). The Criteria and the Questionnaire are living documents that are being revised pursuant to the "Revision Process for the Energy Sector Supply Chain Risk Questionnaire and NATF Cyber Security Criteria for Suppliers," which is available on the

NATF public website. This process provides for an annual revision cycle as well as for additional revisions throughout the year, as necessary.

For the annual revision process, the Criteria and Questionnaire Revision Team will consider inputs through January and February, and proposed changes will be posted for industry comments in early March. Many inputs have already been received, including inputs from the World Economic Forum.

To facilitate alignment on criteria and questions, however, the review team would benefit from receiving inputs for modifications from across the electric and gas industries, including from suppliers and third-party assessors. Some entities are using a different questionnaire or criteria, and the review team is requesting these entities provide differences so the NATF Criteria and Questionnaire can more closely meet their needs. Entities will always have unique questions for suppliers, but creating significant alignment is enabling industry and suppliers to work together to identify and mitigate potential areas of risk.

Background

The Criteria and Questionnaire are tools that were developed by industry entities, suppliers, and third-party assessors for industry-wide use to drive consistency of information obtained from suppliers of bulk power system hardware, software, and services. They provide criteria to evaluate a supplier's supply chain cyber security posture and specific questions to obtain information on the criteria. The vision for these resources is as follows:

- Align on criteria and information needed to evaluate a supplier's cyber security risks.
- Provide transparency to suppliers to enable suppliers to be prepared to provide entities with information.
- Provide alignment to current security frameworks and other resources to provide assurances for the accuracy of supplier information (e.g., SOC2, ISO27001, etc.).
- Encourage entity/supplier discussions for risk mitigation.
- Align with other industry efforts.

The Criteria and Questionnaire will continue to evolve in response to the current cyber security climate facing industry. The NATF Criteria was first posted in 2019 and revised with inputs from industry organizations and suppliers in 2020, and the Questionnaire was first released in 2020. Since these releases just six months ago, the U.S. Department of Energy issued the "Prohibition Order Securing Critical Defense Facilities" on December 17, 2020, and entities have been evolving cross-functional processes that address not only supply chain cyber security but a supplier's overall cyber security risk posture, including both IT and OT.

Learn more at <https://www.natf.net/industry-initiatives/supply-chain-industry-coordination>.

Protection System Misoperations Analysis Annual Report

The NATF Protection System Misoperations Analysis Initiative began in 2015. The NATF collects Misoperations data, produces metrics the NATF and individual members use to assess improvement efforts, and provides detailed information that the System Protection Practices Group and members can use to address specific causes of Misoperations. The Misoperations Analysis Working Group prepares member-specific protection

system performance metrics that are included in the annual NATF Reliability Performance Reports and prepares a Protection System Misoperation Annual Report to analyze Misoperation categories, causes, and sub-causes and provide recommendations to the System Protection Practices Group and members.

The annual report provides detailed cause analysis protection scheme type. This arrangement, when combined with special analysis of hardware-related and communications-related Misoperations, supports recommendations that are actionable, realistic, effective, and linked to existing NATF practices and Principles of Operating Excellence.

In addition, the 2020 report provides the NATF overall and regional Misoperations rate for three-year time periods, plus assessments of the changes of Misoperation categories and involved relay technologies over the same periods.

Redacted Operating Experience Reports

Since our last newsletter, we have posted two reports to the "[Documents](#)" section of our public site for members and other utilities to use internally and share with their contractors to help improve safety, reliability, and resiliency.

For more information about the NATF, please visit www.natf.net.