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## Project QC-2023-06

### Standard *CIP-003-09* – *Cyber Security – Security Management Controls*

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#### 1.1. Applicability

The following table lists the functional entities to which CIP-003-9, the reliability standard proposed for adoption (the “Reliability Standard”), applies.

Standard	Functions
CIP-003-9	<i>Balancing Authority (BA)</i> <i>Distribution Provider (DP)</i> <i>Generator Operator (GOP)</i> <i>Generator Owner (GO)</i> <i>Reliability Coordinator (RC)</i> <i>Transmission Operator (TOP)</i> <i>Transmission Owner (TO)</i>

#### 1.2. Purpose of the standard

This section describes the purpose of the standard that is the subject of this request. The title and purpose of the standard are as follows:

- **CIP-003-9 – Cyber Security – Security Management Controls:** To specify consistent and sustainable security management controls that establish responsibility and accountability to protect BES Cyber Systems against compromise that could lead to misoperation or instability in the Bulk Electric System (BES).

#### 1.3. Regulatory context

This Reliability Standard replaces Standard CIP-003-8, adopted by the Régie de l’énergie (hereinafter “the Régie”) in Decision D-2020-118<sup>1</sup>. Standard CIP-003-8 has been in effect in Québec since October 1, 2021.

Reliability Standard CIP-003-9 was adopted by the NERC Board of Trustees on November 16, 2022, and approved by the Federal Energy Regulatory Commission (FERC) on March 16, 2023, through Letter Order No. RD23-3-000<sup>2</sup>. It will take effect in the United States on April 1, 2026<sup>3</sup>.

The Québec Reliability Coordinator (the Coordinator) files herewith Standard CIP-003-9 of NERC Project 2020-03<sup>4</sup> (*Supply Chain Low Impact Revisions*). This is the only submission for this project. The purpose of the Reliability Standard is to increase system reliability by means of consistent supply chain protections for low-impact BES Cyber Systems with remote electronic access connectivity for vendors.

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<sup>1</sup> Régie Decision D-2020-118, docket R-4117-2020, retrieved on July 25, 2023 at <https://www.regie-energie.qc.ca/storage/app/media/entites-visees-normes-de-fiabilite/normes-de-fiabilite/D-2020-118.pdf>

<sup>2</sup> FERC Order Letter No. RD23-3-000, retrieved on July, 25 2023 at [https://elibrary.ferc.gov/eLibrary/filelist?accession\\_number=20230316-3034](https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20230316-3034).

<sup>3</sup> Standards subject to a future coming into force on the NERC website, retrieved on July 25, 2023 at <https://www.nerc.com/pa/Stand/Pages/USRelStand.aspx>

<sup>4</sup> NERC Project 2020-03, retrieved on July 25, 2023 at [https://www.nerc.com/pa/Stand/Pages/Project\\_2020-03\\_Supply\\_Chain\\_Low\\_Impact\\_Revisions.aspx](https://www.nerc.com/pa/Stand/Pages/Project_2020-03_Supply_Chain_Low_Impact_Revisions.aspx).

#### 1.4. Specific provisions for Québec

First, the Coordinator proposes carrying over the Québec-specific provisions (including applicability) in the preceding version of the Reliability Standard (CIP-003-8) already adopted by the Régie in Decision D-2020-118<sup>5</sup>, which exempts certain generating stations and their step-up substations.

The first such special provision concerns the applicability of the standard:

“This standard applies only to facilities of the Main Transmission System (RTP) and to designated Distribution Provider facilities. When applying this standard, any reference to the terms Bulk Electric System or BES shall be replaced by the terms Main Transmission System or RTP, respectively.”

The Coordinator is of the opinion that this special provision is still applicable since the scope of application equivalent to the BES for Québec and recognized by the Régie is the RTP.

Second, the Coordinator proposes carrying over the following additional exemptions:

“The following are exempt from this standard:

- Any generation facility that meets both of the following conditions: (1) the rated power of the facility is 300 MVA or less and (2) none of the generating units of the facility can be synchronized with a *neighboring* System.
- Step-up substations of generating facilities that meet the conditions mentioned above.”

The Coordinator is of the opinion that the special provision with respect to the additional exemptions is still applicable in the new version of CIP-003 because the exemption criteria mentioned above reference low-impact facilities.

#### 1.5. Proposed effective dates

The NERC Project 2020-03<sup>6</sup> Implementation Plan proposes that Reliability Standard CIP-003-9 become effective on the first day of the first calendar quarter that is 36 months<sup>7</sup> after its regulatory approval. The Reliability Standard will become effective in the United States on April 1, 2026.

The Coordinator considers that NERC’s implementation plan meets the Régie’s requirement that standards come into force on the first day of a calendar quarter<sup>8</sup> with at least 60 days<sup>9</sup> between the date of the standard’s adoption and its effective date.

Given the importance of having standardized practices, with effective mandatory standards harmonized with the United States, the Coordinator proposes that the Reliability Standard come into effect on the first day of the first calendar quarter that is 36 months after its adoption by the Régie.

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<sup>5</sup> Régie Decision D-2020-118, docket R-4117-2020, retrieved on July 25, 2023 from <https://www.regie-energie.qc.ca/storage/app/media/entites-visees-normes-de-fiabilite/normes-de-fiabilite/D-2020-118.pdf>

<sup>6</sup> NERC Project 2020-03 Implementation Plan, retrieved on August 11, 2023 at [https://www.nerc.com/pa/Stand/202003\\_Supply\\_Chain\\_Low\\_Impact\\_Revisions\\_DL/2020-03\\_CIP-003-9\\_Implementation\\_Plan\\_clean\\_10262022.pdf](https://www.nerc.com/pa/Stand/202003_Supply_Chain_Low_Impact_Revisions_DL/2020-03_CIP-003-9_Implementation_Plan_clean_10262022.pdf)

<sup>7</sup> NERC Project 2020-03 Implementation Plan (p.2/2), retrieved on August 11, 2023 at [https://www.nerc.com/pa/Stand/202003\\_Supply\\_Chain\\_Low\\_Impact\\_Revisions\\_DL/2020-03\\_CIP-003-9\\_Implementation\\_Plan\\_clean\\_10262022.pdf](https://www.nerc.com/pa/Stand/202003_Supply_Chain_Low_Impact_Revisions_DL/2020-03_CIP-003-9_Implementation_Plan_clean_10262022.pdf)

<sup>8</sup> In Decision D-2015-168, the Régie set the effective date of standards as the first day of the calendar quarters following the date of adoption.

<sup>9</sup> In Decision D-2016-011, the Régie set a minimum of 60 days between the adoption of standards and their effective date.

## 1.6. Standard to retire

Reliability Standard CIP-003-8 shall be retired as soon as CIP-003-9 takes effect.

## 1.7. Modifications to the glossary

No changes to the Glossary.

## 2. ASSESSMENT OF RELEVANCE

First, on December 9, 2019, NERC published a report entitled *Supply Chain Risk Assessment*<sup>10</sup> that recommended that supply chain standards be amended to include low-impact BES Cyber Systems with remote electronic access connectivity. According to the report, 87% of entities with low-impact BES Cyber Systems have external connectivity providing vendors with remote electronic access. As the system becomes increasingly complex, the use of external stakeholders to support and maintain low-impact BES Cyber Systems, equipment and facilities is becoming a common solution. However, the significant presence of low-impact BES Cyber Systems with external connectivity could have a considerable impact on system reliability due to a possible vulnerability in the supply chain.

Then, on February 6, 2020, the NERC Board adopted a resolution<sup>11</sup> to initiate a project to amend Reliability Standard CIP-003-8 to include policies requiring low impact BES Cyber Systems to detect known or suspected inbound or outbound malicious communications, determine when active vendor remote access sessions are initiated and disable active vendor remote access when necessary.

In practical terms, this means adding a documented cyber security policy on security measures for vendors' remote electronic access according to Requirement R1.

In short, Standard CIP-003-9 complies with the NERC resolution<sup>12</sup> by enhancing system reliability thanks to consistent supply chain protections for low-impact BES Cyber Systems.

NERC is of the opinion that the standard proposed for adoption is reasonable, is not discriminatory, does not provide any undue advantages and is in the public<sup>13</sup> interest. FERC concluded in Letter Order No. RD23-3-000<sup>14</sup> that NERC's rationale is based on the fact that the new version of the Reliability Standard is an improvement from the one currently in effect. It allows for the addition of a documented Cyber Security policy on security measures for vendors' remote electronic access, thereby enhancing system reliability.

In addition, the New Brunswick Energy and Utilities Board adopted Standard CIP-003-9 on July 27, 2023 in project no. 555<sup>15</sup>, dealing with NERC Project 2020-03. In Ontario, the project is under review by the Ontario Energy Board<sup>16</sup>.

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<sup>10</sup> NERC Report on *Supply Chain Risk Assessment* retrieved on August 10, 2023 at

<https://www.nerc.com/pa/comp/SupplyChainRiskMitigationProgramDL/Supply%20Chain%20Risk%20Assesment%20Report.pdf>.

<sup>11</sup> Minutes of the NERC meeting of February 6, 2020 (p.13/19), retrieved on August 10, 2023 at

[https://www.nerc.com/gov/bot/Agenda%20highlights%20and%20Mintues%202013/FINAL\\_Minutes\\_BOT\\_Open\\_Meeting\\_February\\_2020.pdf](https://www.nerc.com/gov/bot/Agenda%20highlights%20and%20Mintues%202013/FINAL_Minutes_BOT_Open_Meeting_February_2020.pdf).

<sup>12</sup> Minutes of the NERC meeting of February 6, 2020 (p. 13/19), retrieved on August 10, 2023 at

[https://www.nerc.com/gov/bot/Agenda%20highlights%20and%20Mintues%202013/FINAL\\_Minutes\\_BOT\\_Open\\_Meeting\\_February\\_2020.pdf](https://www.nerc.com/gov/bot/Agenda%20highlights%20and%20Mintues%202013/FINAL_Minutes_BOT_Open_Meeting_February_2020.pdf)

<sup>13</sup> NERC advisory (p. 1), retrieved on August 11, 2023 at

<https://www.nerc.com/FilingsOrders/ca/Canadian%20Filings%20and%20Orders%20DL/Quebec%20CIP-003-9%20filing.pdf>

<sup>14</sup> FERC Letter Order No. RD23-3-000, retrieved on July 25, 2023 at [https://elibrary.ferc.gov/eLibrary/filelist?accession\\_number=20230316-3034](https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20230316-3034)

<sup>15</sup> New Brunswick Project no. 555, retrieved on August 11, 2023, at <https://filemaker.nbeub.ca/fmi/webd/NBEUB%20ToolKit13>

<sup>16</sup> Ontario Energy Board review process, retrieved on August 11, 2023, at <https://www.ieso.ca/en/Sector-Participants/System-Reliability/OEB-Review-Process>

Considering the information outlined above regarding CIP-003-9, and considering that this standard was developed by recognized organizations in North America, including in Québec and neighboring jurisdictions, in accordance with the 2009 agreement between the Régie, NERC and NPCC with the authorization of the Québec government<sup>17</sup>, the Coordinator is of the opinion that Reliability Standard CIP-003-9 contributes to the reliability of the Québec System and harmonization with neighboring systems.

### 3. PRELIMINARY IMPACT ASSESSMENT

This section provides the Reliability Coordinator's preliminary assessment of the impact on all Québec entities.

For Standard CIP-003-9, access management systems and encryption keys are already commonly used in the North American and Québec electricity industry for low-impact BEC Cyber Systems, which is why the Coordinator considers the impact to be low.

The table below shows preliminary assessments of the impact on all Québec entities.

Standard	Impact		
	Implementation	Enforcement	Monitoring
CIP-003-9	Low	Low	Low

**Legend:**

- Low:** Normal industry practice or standard that only requires minor adjustments to existing processes or practices.
- Moderate:** Change that requires the mobilization of some physical, human or financial resources to implement the proposed standard, enforce it or monitor compliance.
- High:** Change that requires provision and mobilization of significant physical, human or financial resources to plan and implement the proposed standard, enforce it or monitor compliance.

### 4. FINAL IMPACT ASSESSMENT

This section will be completed upon receipt of the impact assessment forms and at the conclusion of the consultation process prior to filing of the standards with the Régie.

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<sup>17</sup> Agreement entered into pursuant to Decree No. 443-2009 issued on April 8, 2009. [http://www.regie-energie.qc.ca/audiences/normes\\_fiab\\_tranp\\_elec/Entente\\_Regie\\_NERC\\_NPCC\\_5mai09.pdf](http://www.regie-energie.qc.ca/audiences/normes_fiab_tranp_elec/Entente_Regie_NERC_NPCC_5mai09.pdf)