

Exhibit to Agenda Item # 1

Discuss adoption of SMUD's Utility Security Plan.

Board Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting

Wednesday, September 15, 2021, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

Overview

- The California Public Utilities Commission (CPUC) requires electric utilities to identify "Covered Distribution Facilities" for designated critical customer loads and develop a Utility Security Plan that encompasses the requirements.
- SMUD staff concluded (after reviewing the requirements) that each assessed SMUD facility had either built-in redundancy or backup generation, so that should the primary feeder substation be taken off-line for any reason, a secondary substation or backup generator(s) would serve the load.
- SMUD staff requests that the Board adopt the SMUD Utility Security Plan regarding the physical security of electric distribution infrastructure.

Background

- SB 699 (2014) was enacted in response to the physical attack on PG&E's Metcalf Transmission Substation in 2013, directed the CPUC to adopt rules to address physical security risks to electric distribution systems.
- 2019 CPUC decision (D.) 19-01-018 ordered all electric utilities, including Publicly Owned Electric Utilities (POUs), to conduct six-step risk assessments of their distribution assets and create physical security mitigation plans for covered facilities serving critical customer load.

Six-Step Assessment



Identification
of covered
facilities



Evaluation
of potential
risks



Development
of mitigation
plans



Qualified
third-party
review



Validation by
qualified
authority



Adoption by
governing
body

Security Plan Development Process

SMUD Assessment

- Covered facilities identified based on seven screening factors.
- Assets that do not fall under NERC CIP-014.
- Law enforcement and fire dispatch centers, airports, military facilities, water and wastewater treatment facilities, and trauma center hospitals.
- 314 facilities analyzed; 17 locations evaluated further.

Findings

- A multi-disciplined team of subject matter experts from across SMUD reviewed the 314 identified covered distribution facilities and found that there was a total of 17 SMUD assets serving critical customer load that required further evaluation.
- SMUD staff then performed an exhaustive assessment of those 17 sites and determined that each of the facilities had either built-in redundancy or backup generation, so that should the primary feeder substation be taken off-line for any reason, a secondary substation or the backup generator(s) would serve the critical customer load.
- No SMUD distribution facilities require additional specific physical security mitigation plan pursuant to D.19-01-018.

Third Party Review & Recommendations

An independent security contractor, HDR Inc., was commissioned to review SMUD's Utility Security Plan and provide input and recommendations to address any identified deficiencies. The evaluator's report indicated that the plan was in compliance with D.19-01-018 and made no recommendation for changes to the plan.

The California Office of Emergency Services, Homeland Security Division, as the qualified authority, conducted a validation review of SMUD's Utility Security Plan.

The security contractor (HDR) employs credentialed security professionals whose sole role is to review plans of this nature.

CPUC-Directed Physical Security Plan Adoption

- D.19-01-018 directs POU's to provide the CPUC with notice of their Utility Security Plan adoption by way of copy of a signed resolution or letter by a responsible official.
- Staff is requesting approval and adoption of SMUD's Utility Security Plan by SMUD Board of Directors.