



FERC proposes big incentives for utilities who take action on enhancing their cybersecurity posture.

Upgrading and protecting critical infrastructure networks from cyberthreats is a top issue for utility operators.

It's also a big priority and huge concern for the federal government and national security experts for good reasons.

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The hacking of the Colonial Pipeline this spring, which led the largest fuel pipeline in the U.S. being shut down and fuel shortages throughout the east coast, was yet another example of how high the stakes are for everyone.




While many are focused on infrastructure legislation making its way through Congress, there is other **big news** utilities need to continue to keep their eye on and be ready for.



In early February 2021, the Federal Energy Regulatory Commission (FERC) published [proposed regulations](#) that if enacted would provide federal financial incentives for utilities to increase cybersecurity measures.

There are also other incentives for “underserved areas” that deploy Ethernet to the edge of the network.

As proposed, to receive the incentive(s), utilities must “**materially enhance the cybersecurity of the Bulk-Power System by enhancing its cybersecurity posture substantially above levels required by CIP Reliability Standards**”



Importantly, these incentivized investments would be allowed to be depreciated faster—5 years versus 20 years—another huge benefit.



Critically, the incentives will likely go to utilities that voluntarily upgrade their cyber defenses in the near future.

They would go away if, and when, the proposed regulations become mandatory.

If you've been on the fence about upgrading your cyber defenses for whatever reason, **now is the time to revisit that position.**

The federal government will likely be offering help—but the clock will be ticking.



The incentives are aimed at helping all utilities that follow NERC FERC regulations and are willing to harden their network to below a high-risk status.

There are two core incentives to be aware of...





Incentive 1:

A 200-basis increase in the ROE (Return on Equity) for applicable capital investments.

To qualify, utility boards will have to submit a new plan for the investments and the increased capital allocations.



Incentive 2:

Deferred cost recovery for certain cybersecurity investments.

Qualifying investments/ expenses include:

- Hardware, software and computing services
- Related items such as risk assessments and internal reviews

Note: Cost recovery applies to ongoing investments, not one-time expenditures as part of your comprehensive business plan.



The thought that there
is never enough
money for training
is no longer true.

Qualifying
investments/expenses
also include those for
training to implement
for the first time!



It is expected that proposed regulations, published on February 5, 2021, could be finalized very soon as the comment period closed in early April.

Importantly, you must make sure you have a **holistic view** of your network and how you're going to protect it.

Now is a good time to **expand** your current NERC FERC Comprehensive Plan.

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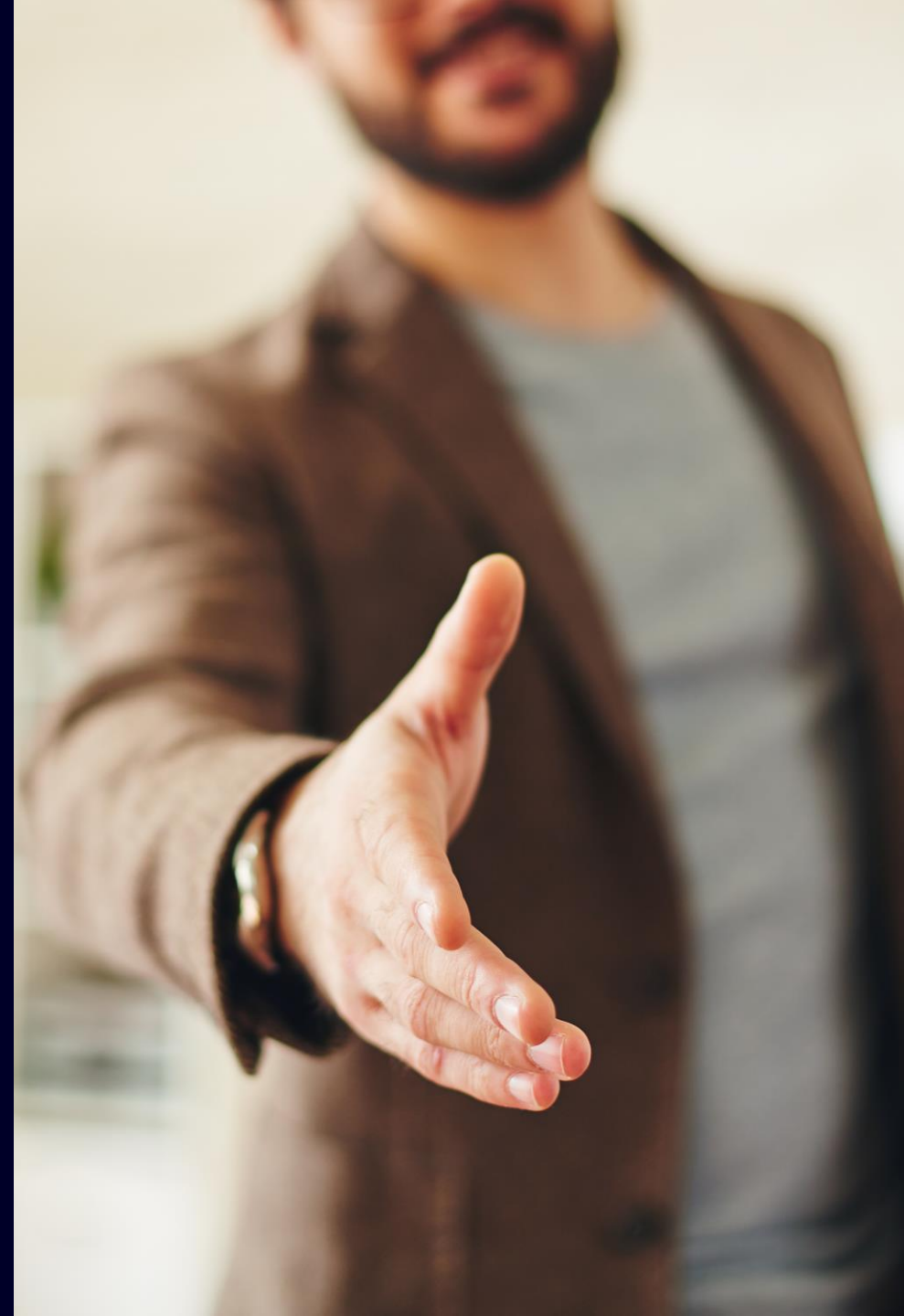


Siemens has been helping utilities **enhance their cybersecurity posture** for decades with its RUGGEDCOM products and services.

- Our products allow for the seamless integration of Intrusion Detection & Prevention, including Anomaly Monitoring, in both substation and control room networks.
- Our modular designs allow for easy upgrades and fast deployments.

Our Industrial Network Services team delivers cybersecurity assessments, design consultation, onsite support and training, and are uniquely qualified to assist utilities with their roadmap to a secure grid.

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