



### IROL Critical CIP Cost Recovery

#### Problem / Opportunity Statement

Under NERC Critical Infrastructure Protection (CIP) standards CIP-002-5.1, PJM as the Reliability Coordinator (RC), Planning Coordinator (PC), or Transmission Planner (TP) is required to identify generation facilities that are critical to the derivation of Interconnection Reliability Operating Limits (IROLs) and their associated contingencies. These identified generation facilities become a medium impact facility and must meet higher NERC standards than the “non-critical” generators. The NERC re-categorization, from low to medium, creates a significant additional cost burden on the Generator Owner having to upgrade the security features of the facility both physical and cyber.

Based upon the NERC CIP-002-5.1 implementation plan, mandatory compliance for a low impact facility re-categorized as a medium impact facility must be achieved within twelve (12) months after notification from PJM. Given the short timeframe, combined with the annual review made by PJM, a Generator Owner faces the risk of having its re-categorization changed from a medium impact facility back to a low impact facility after the investment has already been made, but before the compliance deadline. There is precedent of this occurrence in the ISO-New England.

Currently, these costs are not covered in the PJM governing documents and there is a concern that generators may not be able to recover the costs incurred when complying with the re-categorization of their “IROL Critical” list status, especially in instances when the enhancements were made only to later be told that they are no longer necessary as the facility is no longer deemed medium impact.