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STATE OF VERMONT  
DEPT. OF PUBLIC SERVICE  
MONTPELIER, VT.  
05620-2601

STATE OF VERMONT  
PUBLIC UTILITY COMMISSION

2019 DEC 11 P 3:17

Case No. 7307

Investigation into Vermont electric utilities' use of smart metering and time-based rates	
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Order entered: 12/11/2019

**FINAL ORDER APPROVING A STATEMENT OF PRINCIPLES  
RELATIVE TO CYBER SECURITY FOR ELECTRIC UTILITIES**

In this Order, the Vermont Public Utility Commission adopts the following Proposal for Decision approving a Statement of Principles Relative to Cyber Security for Electric Utilities, which is attached to this Order.

**PROPOSAL FOR DECISION RECOMMENDING APPROVAL OF A STATEMENT  
OF PRINCIPLES RELATIVE TO CYBER SECURITY FOR ELECTRIC UTILITIES**

This Proposal For Decision is the culmination of many years of work by the Vermont Public Utility Commission (“Commission”), the Department of Public Service (“Department”), Vermont’s electric transmission and distribution utilities, and interested stakeholders on policies related to privacy and cyber security.<sup>1</sup> Today, I recommend that the Commission approve the Statement of Principles Relative to Cybersecurity (the “Cybersecurity Principles” or “Principles”) attached to this Order and close this proceeding.

<sup>1</sup> Participants in this proceeding have included: the Vermont Department of Public Service; the City of Burlington Electric Department; Green Mountain Power Corporation; Vermont Energy Investment Corporation; Vermont Marble Power Division of Omya, Inc.; Conservation Law Foundation; Barton Village, Inc. Electric Department; Village of Enosburg Falls Water & Light Department, Inc.; Town of Hardwick Electric Department; Village of Hyde Park Electric Department; Village of Jacksonville Electric Company; Village of Johnson Water & Light Department; Village of Ludlow Electric Light Department; Village of Lyndonville Electric Department; Village of Morrisville Water & Light Department; Village of Northfield Electric Department; Village of Orleans Electric Department; Swanton Village, Inc. Electric Department; Stowe Electric Department; Vermonters for a Clean Environment; Vermont Electric Power Company, Inc.; and the American Civil Liberties Union of Vermont. Not all participants have engaged in all portions of the proceeding.

## **I. BACKGROUND**

The Commission originally opened this proceeding on April 18, 2007, to consider issues related to the possible deployment of advanced metering infrastructure and smart meters for electric distribution utilities.<sup>2</sup>

On November 20, 2008, after numerous workshops and rounds of comments, the Department, the participating electric utilities, and the Conservation Law Foundation entered into a Memorandum of Understanding (“MOU”) that represented an agreement by those parties on several smart-metering issues and proposed a voluntary process for obtaining Commission approval of a smart-metering implementation plan.

On August 3, 2009, the Commission issued a Final Order adopting the parties’ MOU, subject to certain modifications and clarifications, which were further refined in a Commission Order dated November 16, 2009.

On July 15, 2011, the Department filed a letter with the Commission requesting that the Commission open a new phase of the docket to explore important emerging issues associated with smart meters, including customers opting out of having a smart meter installed, privacy of customer data generated by smart meters, and cybersecurity concerning how utilities intend to protect the integrity of data transmitted over wireless communications systems.<sup>3</sup>

Over the ensuing years after the issuance of the Commission’s July 15, 2011, Order, the Commission held numerous workshops, and stakeholders met informally and filed several rounds of comments with the Commission discussing and developing policy statements on privacy and cybersecurity.

On April 10 and November 16, 2017, and February 16, 2018, Commission staff held three workshops intended to bring this proceeding to a close by finalizing and issuing policy statements on privacy and cybersecurity.

On December 8, 2017, the Vermont Electric Cooperative, on behalf of itself, the Vermont Electric Power Company, Green Mountain Power Corporation, Washington Electric Cooperative, Burlington Electric Department, Stowe Electric Department, and the Vermont

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<sup>2</sup> Docket 7307, Order issued on 4/18/07.

<sup>3</sup> Subsequent legislation enacted by the Vermont General Assembly addressed the topic of customers opting out of having a smart meter installed, so that aspect of the investigation was abandoned.

Public Power Supply Authority (the “Utilities”), filed a letter stating that Vermont’s electric efficiency utilities (“EEUs”) should be included in the Cybersecurity Principles.<sup>4</sup>

Also, on December 8, 2017, the Department filed a letter stating that it does not think the EEUs should be included in the Cybersecurity Principles but that, after discussing the Principles with Vermont Gas Systems, Inc. (“VGS”) and National Grid, the latter two entities have agreed to be included in the Cybersecurity Principles.<sup>5</sup>

On December 21, 2017, the Vermont Energy Investment Corporation (“VEIC”) filed a letter stating that it was willing to be included in the Cybersecurity Principles.<sup>6</sup>

On January 12, 2018, the Department filed a letter providing a small amendment to the Cybersecurity Principles, which the Department represented was agreed to by the Utilities.<sup>7</sup>

On February 25, 2019, the Commission issued an Order approving a Statement of Principles Relative to Privacy.

On July 22, 2019, I issued an Order asking parties to comment on the most recent version of the Cybersecurity Principles, which were attached to the Order.

On August 23, 2019, the Vermont Electric Cooperative commented that it supported the Cybersecurity Principles, and Green Mountain Power Corporation commented that it had no suggested changes to the Cybersecurity Principles.

On November 1, 2019, after conferring with VGS and National Grid, the Department filed a letter stating that it is no longer “necessary for either National Grid or VGS to be subject to the [Cybersecurity] Principles.”<sup>8</sup>

No other comments were filed.

## **II. DISCUSSION AND RECOMMENDATION**

Having reviewed the participants’ filings, I recommend that the Commission rule that the most recent iteration of the Cybersecurity Principles, attached to this Order, is in the public good

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<sup>4</sup> Letter from Victoria J. Brown, Esq., to Judith C. Whitney, Clerk of the Commission, filed on 12/8/17 (“Utility Letter”).

<sup>5</sup> Letter from Jeanne Elias, Esq., to Judith C. Whitney, Clerk of the Commission, filed on 12/8/17 (“Department Letter”).

<sup>6</sup> Letter from Morris L. Silver, Esq., to Judith C. Whitney, Clerk of the Commission, filed on 12/21/17 (“VEIC Letter”).

<sup>7</sup> Letter from Jeanne Elias, Esq., to Judith C. Whitney, Clerk of the Commission, filed on 1/12/18.

<sup>8</sup> Letter from Daniel C. Burke, Esq., to Judith C. Whitney, Clerk of the Commission, filed on 11/1/19.

and should be adopted. I also recommend that VEIC should be included in the Cybersecurity principles but not VGS or National Grid.

### Principles

The Department, Utilities, and other interested parties have spent significant time and resources discussing, formulating, and proposing these Cybersecurity Principles. The Principles form an excellent framework within which Utilities can work on cybersecurity issues. The Principles will ensure that every Vermont electric transmission, distribution, and efficiency utility has in place a Cybersecurity Program, subject to both Department and Commission scrutiny, that puts in place measures to protect grid reliability and ratepayers' private information. The ongoing Department and Commission oversight required by the Cybersecurity Principles will help ensure that the Utilities' Cybersecurity Programs remain up to date and effective. For all these reasons, I recommend that the Commission approve the attached Statement of Principles Relative to Cybersecurity.

### Covered Entities

Regarding VEIC, I recommend that the Commission include VEIC under the coverage of the Principles.

The Department does not think it is "necessary or appropriate" to include VEIC under the Principles.<sup>9</sup> The Department "believes that the current Confidential Information Management System ("CIMS") governing VEIC's operation of Efficiency Vermont adequately addresses potential hacking and other cybersecurity concerns pertaining to the confidential information that VEIC receives from Vermont utilities."<sup>10</sup> The Department argues that the Cybersecurity Principles protocol was designed to provide a platform to facilitate an exchange of information between regulators and distribution and transmission utilities concerning cybersecurity because, unlike CIMS for VEIC, this kind of forum does not currently exist in Vermont for distribution and transmission utilities.<sup>11</sup> The Department argues that a central feature of the Principles is that they contemplate an annual meeting during which the Department and the Utilities can

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<sup>9</sup> Department Letter at 1.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

participate in a confidential exchange of information. “In the Department’s view, restricting participation in this annual meeting to just the transmission and distribution utilities will facilitate the important goal of ensuring that sensitive information is only shared with entities who require that information to discharge a legal obligation.”<sup>12</sup>

VEIC and the Utilities disagree with the Department. The Utilities think that it would be “appropriate for the state’s energy efficiency utilities to be included in the cybersecurity principles.”<sup>13</sup> The Utilities observe that VEIC is prepared to abide by the terms of the cybersecurity principles being proposed in this proceeding.<sup>14</sup> VEIC further states that “it is important for customers to be provided assurances that the EEU’s and Utilities are being held to the same cybersecurity principles and responsibilities to protect customer information.”<sup>15</sup> Finally, VEIC does not “believe that the participation of EEU’s in the reach of the cybersecurity principles will cause harm.”<sup>16</sup>

Having reviewed the parties’ comments, I recommend that the Commission include VEIC under the coverage of the Principles. First, the Utilities and VEIC agree that VEIC can be covered by the Principles with no harm arising from that coverage. Next, I agree with VEIC that it is important for customers to be provided assurances that the EEU’s and [Utilities] are being held to the same cybersecurity principles and responsibilities to protect customer information. Finally, I am not persuaded by the Department’s fears about VEIC’s participation undermining the confidential exchange of information during an annual meeting. In the worst-case scenario, a well-crafted confidentiality agreement signed by VEIC could alleviate the Department’s concerns. For the foregoing reasons, I recommend that the Commission include VEIC under the coverage of the Principles.

Regarding VGS and National Grid, I do not recommend that they be covered by the Principles. Neither VGS nor National Grid still seeks to be covered by the Principles. Also, the Department has withdrawn its recommendation that the two companies be covered. Finally, neither VGS nor National Grid took part in the process that created the Principles. Given these

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<sup>12</sup> Department Letter at 1-2.

<sup>13</sup> Utility Letter at 1.

<sup>14</sup> VEIC Letter at 2.

<sup>15</sup> Utility Letter at 2.

<sup>16</sup> *Id.*

factors, I see no reason to recommend that the Principles apply to VGS or National Grid, so I do not do so here.

**III. CONCLUSION**

For the foregoing reasons, I recommend that the Vermont Public Utility Commission approve this Proposal for Decision and adopt the Statement of Principles Relative to Cybersecurity.

This Proposal for Decision has been served on all parties to this proceeding in accordance with Title 3, Section 811, of the Vermont Statutes Annotated.

Dated at Montpelier, Vermont, this 12 day of November, 2019.



John C. Gerhard, Esq.  
Hearing Officer

#### **IV. COMMISSION DISCUSSION**

On November 12, 2019, the Hearing Officer issued a Proposal for Decision in this proceeding, seeking comments from the parties.

On November 22, 2019, Green Mountain Power Corporation and the Vermont Electric Cooperative, Inc. each filed comments with the Commission. Neither of these utilities suggested edits or comments to the Proposal for Decision, nor did either utility request oral argument.

On November 26, 2019, the Vermont Energy Investment Corporation (“VEIC”), as administrator of Efficiency Vermont, the statewide energy efficiency utility, filed comments asking for one change to the language in the Statement of Principles Relative to Cyber Security for Electric Utilities (the “Principles”). VEIC asked that the following change be made to paragraph 1 of the Principles so that it is clear that the Principles also apply to the statewide energy efficiency utility (the added text is underlined):

Vermont’s electric utilities and the statewide energy efficiency utility appointed by the Commission pursuant to 30 V.S.A. § 209(d)(2) (together for purposes of the Principles the “Utilities”) acknowledge the importance of adhering to all cybersecurity requirements imposed by law, of being familiar with relevant industry standards and recommendations of best practices, and of working collaboratively to ensure appropriate and coordinated approaches to cybersecurity.

On November 27, 2019, the Vermont Department of Public Service filed comments on the Proposal for Decision. The Department did not suggest any edits or comments and did not request an oral argument.

Having reviewed the comments, we accept the change recommended by VEIC because we agree that the additional language will make it clear that the Principles also apply to the statewide energy efficiency utility. The change is included in the Principles attached to this Order.

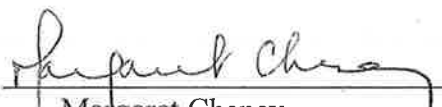
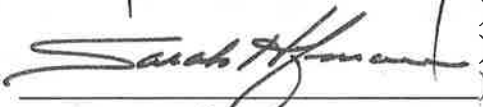
No other comments were received by the Commission.

#### **V. ORDER**

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Public Utility Commission (“Commission”) of the State of Vermont that the findings, conclusions, and recommendations of the Hearing Officer are hereby adopted, as is the Statement of Principles Relative to Cyber Security attached to this Order. All other findings proposed by parties, to the extent that they are inconsistent with this Order, were considered and not adopted.

This proceeding is closed.

Dated at Montpelier, Vermont, this 11<sup>th</sup> day of December, 2019.

Anthony Z. Roisman	)	
	)	PUBLIC UTILITY
	)	
Margaret Cheney	)	COMMISSION
	)	
	)	
Sarah Hofmann	)	OF VERMONT

OFFICE OF THE CLERK

Filed: December 11, 2019

Attest: Jessith C. Whitney  
Clerk of the Commission

*NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Commission (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. E-mail address: [puc.clerk@vermont.gov](mailto:puc.clerk@vermont.gov).*

*Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Commission within 30 days. Appeal will not stay the effect of this Order, absent further order by this Commission or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Commission within 28 days of the date of this decision and Order.*



*Statement of Principles Relative to Cyber Security*

1. Vermont's electric utilities and the statewide energy efficiency utility appointed by the Commission pursuant to 30 V.S.A. § 209(d)(2) (together for purposes of the Principles the "Utilities") acknowledge the importance of adhering to all cybersecurity requirements imposed by law, of being familiar with relevant industry standards and recommendations of best practices, and of working collaboratively to ensure appropriate and coordinated approaches to cybersecurity.
2. Each Utility shall develop and maintain a Cybersecurity Program, which shall be tailored to that Utility's specific needs and infrastructure. Utilities shall comply with the terms of any cybersecurity requirements included in applicable law, regulation, and industry standards and those voluntarily adopted by the Utility. Upon request, each Utility will provide to the Vermont Department of Public Service ("Department") an oral briefing describing the Utility's Cybersecurity Program and a written list of the applicable cybersecurity laws and regulations with which the Utility's Cybersecurity Program is designed to comply.
3. Annually, the Department shall convene a meeting with representatives of the Utilities to discuss, under terms of an appropriate non-disclosure agreement, the following:
  - a. Any significant developments arising from, or updates to, the Cybersecurity Programs of each Utility developed under paragraph 2, above.
  - b. The existence, impact, and implementation of any new or proposed state or federal cybersecurity standards.
  - c. Areas of prospective collaboration or information sharing in the interest of ensuring the existence of effective and efficient cybersecurity protections for Vermont electric utilities and customers.
  - d. Each Utility's experience and observations regarding cybersecurity during the prior year.
  - e. Communication protocols, including confidentiality protections where appropriate, to be used in the event that a Utility experiences an incident that results in a potential or actual release of confidential customer information, a compromise of grid reliability, or required reporting to another entity. These measures should be formulated to allow Utilities to share time-sensitive, critical information among themselves and with the Department, while limiting dissemination to external entities and individuals other than those to whom disclosure is required by existing law or regulation.
4. In the event that a cybersecurity attack results in the release of confidential customer information, a compromise of grid reliability, or required reporting to another entity, the affected Utility(ies) will promptly report the attack to the Commissioner of the Department and take necessary steps to mitigate future breaches.
5. At least annually, the Department will offer to provide an oral briefing to the Vermont Public Utility Commission summarizing the Department's conclusions as to Utilities'

cybersecurity programs and joint efforts. Such briefings shall not involve the transmission of confidential information without appropriate confidentiality protections.

6. Nothing in these principles shall be deemed to limit the responsibility or authority of Utilities to take appropriate measures to implement and maintain appropriate cybersecurity measures.