

November 23, 2010

Mr. Michael Moon
Director of Compliance Operations
North American Electric Reliability Corporation
116-390 Village Blvd.
Princeton, New Jersey 08540

Dear Mr. Moon:

On behalf of the U.S. Nuclear Regulatory Commission (NRC), I am responding to your letter dated August 9, 2010. Your letter informed the NRC of balance-of-plant (BOP) conclusions drawn and determinations made by the North American Electric Reliability Corporation (NERC) related to Order No. 706-B (706-B) issued by the Federal Energy Regulatory Commission (FERC) on March 19, 2009. In accordance with 706-B, NERC conducted a bright-line survey in cooperation with the NRC for each nuclear power plant (NPP) within the United States (U.S.) to determine which systems, structures, and components (SSCs) were within the scope of FERC-approved NERC Critical Infrastructure Protection Reliability Standards and which SSCs fell under NRC authority pursuant to Title 10 of the *Code of Federal Regulations* (10 CFR) Section 73.54, "Protection of Digital Computer and Communication Systems and Networks."

NERC requested bright-line data from each NPP by June 24, 2010. Each NPP was to provide a generic listing of BOP SSCs that it determined to fall under NERC's jurisdiction and another listing of those within the regulatory authority of the NRC. Upon reviewing the responses, NERC concluded that each NPP had declared that all BOP SSCs that directly affected reactivity were important to safety and were within the scope of NRC authority under 10 CFR 73.54.

Based on the nuclear power industry's responses, NERC conditionally supported the transfer of regulatory authority for BOP SSCs from NERC to the NRC. As a means to ensure that each NPP's BOP SSCs are under NRC jurisdiction, NERC required each facility to notify the NRC of those BOP SSCs that are important to safety within the definition of 10 CFR 73.54 and also to submit a revised cyber security plan to the NRC for review and approval.

The Commission has determined, as a matter of policy, that the NRC's cyber security rule in 10 CFR 73.54 includes BOP SSCs that have a nexus to radiological health and safety at NRC-licensed NPPs. The NRC has statutory authority to assume this responsibility, and the Commission has concluded that doing so would enhance nuclear safety and regulatory efficiency. The NRC expects our licensees to submit revised cyber security plans to the agency as specified in NERC's letter to them following completion of the 706-B bright-line survey.

The NRC will review the current Memorandum of Agreement between the NRC and FERC and the Memorandum of Understanding between the NRC and NERC and, if needed, will clarify the understanding among all parties of the scope of oversight at NPPs by each entity.

The NRC is committed to the safe and secure operation of all U.S. NPPs in conjunction with the efficient and effective regulation of NRC licensees. We will continue to work with FERC and NERC to ensure the appropriate coordination of regulatory responsibilities.

Sincerely,

/RA Michael F. Weber for/

R. W. Borchardt
Executive Director for Operations

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