

National Infrastructure Advisory Council

November 15, 2010

The Honorable Barack H. Obama
President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC

Dear Mr. President,

We are pleased to submit the National Infrastructure Advisory Council's (NIAC) Final Report and Recommendations on *A Framework for Establishing Critical Infrastructure Resilience Goals*.

The NIAC would like to thank Michael J. Wallace, Vice Chairman of Constellation Energy, for his leadership in co-chairing the Working Group for this study in conjunction with Alfred R. Berkeley. The Council also thanks the corporate executives who actively participated in the study and provided their valuable time and insights to the Study Group.

This study was undertaken by the NIAC upon determination that a process should be developed to support critical infrastructure sectors in establishing goals to improve their resilience. The importance of conducting this study was affirmed by Under Secretary Rand Beers representing the Department of Homeland Security (DHS). To realize this goal, we conducted case studies of the electricity and nuclear sectors to learn how their resilience practices are shaped by their operations, assets, and risks. This study builds on the NIAC's 2009 *Critical Infrastructure Resilience* report that provided a common definition of infrastructure resilience, but recognized that each sector applies resilience strategies and practices in different ways.

Our nation faces an increasingly complex set of risks that are interwoven into all facets of our businesses, infrastructures, and communities. The Council echoes your recognition that there is a fundamental connection between our national security, our national competitiveness, resilience, and moral example. We find that resilience is often the most flexible and cost-effective strategy to ensure continuity of services and to minimize the impact of disruptions. It is fundamental to making our businesses stronger, our communities better prepared, and our nation more secure.

Infrastructure resilience is a shared responsibility. To be successful, we must tap the distinct expertise, capabilities, and combined resources of the private and public sectors. Sector owners and operators are best equipped to design, build, operate, and maintain their complex infrastructures. The government helps to strengthen and sustain these functions by sharing risk information, providing a reinforcing regulatory environment, creating needed incentives to spur investment, and providing key resources during extreme disasters when the capabilities of the private sector are exceeded. The Council believes that achieving infrastructure resilience requires robust public-private partnerships.

Our case studies revealed that the electricity and nuclear sectors are extremely resilient. Companies in these sectors use a rich and diverse array of practices to manage a variety of risks within both regulated and competitive business environments. We learned that practicing resilience is a core operating principle that is supported by a strong culture of commitment to reliability and mutual assistance. Yet despite an excellent record of safety, reliability, and efficiency, the electricity and nuclear sectors—as well as other critical infrastructure sectors—are facing an emerging set of risks that will challenge their ability to

effectively prepare, respond, and recover. In this study, the Council developed and demonstrated a framework that we believe all critical infrastructure sectors can use to test and improve resilience practices.

The Council respectfully submits the attached report, which contains recommendations on steps that government and industry can take to improve infrastructure resilience using the insights gained through our study of the electricity and nuclear sectors. At the core of these recommendations is the belief that the partnership approach can unite the special capabilities and expertise of the public and private sectors to minimize infrastructure risks and improve resilience. In this vein, we call your attention to three of our recommendations that exemplify the strengths of this approach:

- **The White House should initiate an executive-level dialogue with electricity and nuclear sector CEOs on the respective roles and responsibilities of the private and public sectors in addressing high-impact infrastructure risks and potential threats.** We believe that high-level, trusted discussions between industry executives and government leaders are essential for effective partnership.
- **The nuclear and electricity industries should each develop an emergency response plan that outlines a coordinated industry-wide response and recovery framework for a major nationwide disaster.** The coordination and development of such a plan should be led by CEOs and aligned with the National Response Framework and National Incident Management System.
- **All critical infrastructure sectors should consider adopting the industry self-governance model exemplified by the Institute of Nuclear Power Operations (INPO) and the North American Transmission Forum (NATF) to enable the private sector to collaborate on industry-wide resilience and security issues outside the regulatory compliance process.** This approach provides an extra measure of responsibility for overall industry performance, but is not a substitute for existing regulation.

Mr. President, on behalf of our fellow NIAC members, we thank you for the opportunity to serve our country through participation in this Council.

Sincerely,



Erle Nye
Chairman Emeritus, TXU Corp.
Chairman, NIAC



Alfred R. Berkeley, III
Chairman, Pipeline Trading Systems, LLC
Vice Chairman, NIAC

cc The Honorable Joseph R. Biden, Vice President
The Honorable Janet Napolitano, Secretary of Homeland Security