

NATIONAL INFRASTRUCTURE ADVISORY COUNCIL

BUSINESS MEETING AGENDA

Park Hyatt Hotel
Park Ballroom
24th and M Street, NW
Washington, DC 20037
October 13, 2009
2:15 PM – 4:30 PM EDT

- I. OPENING OF MEETING** *Nancy J. Wong*, Designated Federal Officer (DFO), NIAC, Department of Homeland Security (DHS)
- II. ROLL CALL OF MEMBERS** *Nancy J. Wong*, DFO, NIAC, DHS
- III. OPENING REMARKS AND INTRODUCTIONS** NIAC Chairman *Erle A. Nye*, Chairman Emeritus, TXU Corp.
- Rand Beers*, Under Secretary, for the National Protection and Programs Directorate, DHS
- PARTICIPATING BUT NOT EXPECTED TO MAKE REMARKS:**
- Philip Reiting*, Deputy Under Secretary for the National Protection and Programs Directorate, DHS (*invited*)
- Sue Armstrong*, Acting Deputy Assistant Secretary for Infrastructure Protection, DHS (*invited*)
- IV. APPROVAL OF SEPTEMBER 2009 MINUTES** NIAC Chairman *Erle A. Nye* Presiding
- V. NEW BUSINESS** NIAC Chairman *Erle A. Nye*, Vice Chairman *Alfred R. Berkeley III*, NIAC Members
- VI. CLOSING REMARKS** *Sue Armstrong*, Acting Deputy Assistant Secretary for Infrastructure Protection, DHS (*invited*)
- VII. ADJOURNMENT** NIAC Chairman *Erle A. Nye* Presiding

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MINUTES

NIAC MEMBERS PRESENT IN WASHINGTON:

Mr. Alfred R. Berkeley III; Lt. Gen. (ret.) Albert J. Edmonds; Ms. Margaret E. Grayson; and Mr. Michael Wallace.

NIAC MEMBERS ATTENDING VIA CONFERENCE CALL:

Mr. Erle A. Nye; Chief (ret.) Gilbert G. Gallegos; Mr. D.M. Houston; Mr. Jim Nicholson; Mr. Thomas E. Noonan; Hon. Tim Pawlenty; Dr. Linwood H. Rose; Mr. John Thompson; and Mr. John Williams; and Ms. Martha Wyrsh.

MEMBERS ABSENT:

Mr. Edmund G. Archuleta; Mr. David Bronczek; Mr. Wesley Bush; Mr. Phillip Heasley; Commissioner Raymond W. Kelly; Mr. David Kepler; Ms. Martha H. Marsh; Mr. Gregory Peters; Mr. James A. Reid; Mr. Bruce A. Rohde; Mr. Matthew Rose; and Mr. Greg Wells.

SUBSTANTIVE POINTS OF CONTACT PRESENT IN WASHINGTON:

Mr. Brent Balgien (for Mr. Bruce A. Rohde); Mr. Gerald Buckwalter (for Mr. Wesley Bush); Mr. Bill Fisher (for Mr. Jim Nicholson); Ms. Tiffany Jones (for Mr. John W. Thompson); Ms. Brooke Lundquist-Beebe (for Mr. David Kepler); Mr. Bill Muston (for Chairman Nye); and Dr. Ronald Luman (for Vice Chairman Berkeley).

SUBSTANTIVE POINTS OF CONTACT ATTENDING VIA CONFERENCE CALL:

Ms. Pat Andrew (for Ms. Margaret Grayson); Mr. Scott Blanchette (for Ms. Martha Marsh); Ms. Frances Paulson (for Mr. David Bronczek); and Mr. Williams Powell (for Mr. John M. Williams).

OTHER DIGNITARIES PRESENT:

Under Secretary Rand Beers, DHS; Deputy Under Secretary Philip Reitingger, DHS; Acting DASIP Sue Armstrong, DHS; and Ms. Nancy Wong, DFO, NIAC, DHS.

I. OPENING OF MEETING

Nancy J. Wong, DFO, NIAC, DHS

Ms. Nancy Wong introduced herself as the Designated Federal Official (DFO) for the National Infrastructure Advisory Council (NIAC) acting by appointment of the Under Secretary at the National Protection and Programs Directorate (NPPD) of the Department of Homeland Security (DHS). She then welcomed Mr. Erle Nye, NIAC Chairman; Mr. Alfred Berkeley, NIAC Vice Chairman; Deputy Under Secretary Philip Reitingger; Acting Deputy Assistant Secretary of Infrastructure Protection Sue Armstrong; and all of the members of the council and other Federal government representatives present and on the teleconference, as well as members of the press and public in attendance. Ms Wong noted that the NIAC was expecting Under Secretary Rand Beers' attendance later in the meeting.

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Ms. Wong stated that the NIAC Council is a presidential advisory committee created by Executive Order 13231 and amended by Executive Order 13286, Executive Order 13385, Executive Order 13446, and Executive Order 13511. The NIAC is composed of members appointed by the President: membership includes senior executives from throughout the critical infrastructure and key resources (CIKR) areas identified in the Homeland Security Presidential Decision Directive 7 (HSPD-7). The NIAC's charter was recently renewed by Executive Order of the President and the Secretary for Homeland Security.

This council provides the President and the Secretary of the Department of Homeland Security (DHS) with advice on the security of physical and cyber infrastructure. During its seven year history, this council has conducted extensive studies advising the President and other Federal officials on such matters as improving information sharing between the intelligence community (IC) and concerned stakeholders in the private sector, streamlining regulation to expedite disaster relief, reducing the threat of insider attack on critical infrastructure, and applying risk assessment techniques to critical infrastructure protection.

II. ROLL CALL

Nancy J. Wong, DFO, NIAC, DHS

After bringing the meeting to order, Ms. Wong called roll.

III. OPENING REMARKS AND INTRODUCTIONS

*NIAC Chairman Erle A. Nye,
Chairman Emeritus, TXU Corp.*

Chairman Nye thanked Ms. Wong for her leadership and support. He then thanked the members for their presence and expressed his enthusiasm regarding the NIAC charter's renewal. Chairman Nye added that the NIAC expected to receive some guidance from DHS later in the meeting regarding possible future topics. Continuing, he reiterated that the purpose of the meeting was primarily to focus the Council and to rank and refine potential topics, both independently and in conjunction with guidance provided by DHS representatives. Chairman Nye proceeded to welcome Deputy Under Secretary Philip Reiting, and Acting Deputy Assistant Secretary Sue Armstrong, and added that the Under Secretary would participate later in the meeting.

Before moving on to Council business, Chairman Nye asked Vice Chairman Al Berkeley if he had any opening comments.

Mr. Alfred Berkeley asked if any member had amendments to the meeting minutes that were approved. Chairman Nye suggested that any corrections be submitted to Ms. Wong.

Chairman Nye asked Acting Deputy Assistant Secretary Sue Armstrong for opening comments.

Acting Deputy Assistant Secretary Armstrong thanked the Chairman and added that she was happy to participate at the meeting given the NIAC's seven year history of delivering relevant and actionable reports related to Critical Infrastructure Protection (CIP) issues facing the Nation; she noted that the DHS often quoted NIAC reports, particularly the one about the public-private

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partnership model, for many different venues, including hearings and budget briefings. The NIAC embodies DHS' goal of bringing all relevant stakeholders into the process of infrastructure protection policy formulation and implementation

Acting Deputy Assistant Secretary Armstrong requested that, given the Office of Infrastructure Protection's interest in further developing fusions, the NIAC consider studying fusion centers as a tool to improve information-sharing and facilitate communication between stakeholders.

Chairman Nye thanked Acting Deputy Assistant Secretary Armstrong and noted that the NIAC would hear from the Under Secretary later in the meeting.

IV. NEW BUSINESS

*NIAC Chairman Erle A. Nye,
Chairman Emeritus, TXU Corp.*

Chairman Nye directed the member's attention to new topics, recognizing that Under Secretary Beers would dial into the meeting and hopefully give the NIAC some guidance on what the Department would recommend for a new study topic. He reminded the Council that a list of suggested topics was circulated among NIAC members for comments and their consideration. A few members returned comments and Mr. Bill Muston, manager of research and development at Oncor Electricity Delivery, talked with the DHS partners about the list of four topics and the possibility of new subject matter.

Continuing, Chairman Nye noted that the four topics were sorted from a discussion with some members. Mr. Kepler had previously stated that the NIAC, at some point, should consider the benefits of consortia to improve resiliency amongst regionally-concentrated owners and operators of critical infrastructure and key resources. Mr. Kepler also referenced the self-governance models which the NIAC talked about previously regarding the question of prioritization of sectors.

Mr. Bill Muston listed the topics for the benefit of those on the teleconference:

The first topic was on market measures and investing in preparation for low probability, high impact events. Specifically, there are circumstances where an individual company does not feel able to shoulder the responsibility and cost of preparing for rare events, but the occurrence of such events would nevertheless have systemic consequences. When an infrastructure owner considers a scenario too unlikely to occur to be relevant, or when they do not feel capable of shouldering the responsibility, how should the government or other stakeholders respond?

The second topic dealt with sector-level action models for critical infrastructures and the role and appropriateness of self-governance. The topic addresses governance difficulties, as well as strategies to optimize governance whenever possible.

The third topic is improving resilience by addressing cross-sector dependencies and exploring the linkages between critical infrastructure sectors and systems.

The fourth topic explores the potential to prioritize sector response and recovery efforts. Mr. Muston then suggested that the NIAC move discuss each topic in sequence.

Chairman Nye thanked Mr. Muston for the introduction to the topic discussion. He noted that the Department of Homeland Security had already given the NIAC a challenging task. He further suggested that the Council should identify at least one other topic.

Topic I: Market Incentives and Preparing for High-Impact/Low-Probability Occurrences:

Mr. Muston began the discussion on market measures and investing in preparation for very rare occurrences. The topic would examine preparations for extremely low probability events that do not normally meet the threshold for action according to risk assessment models utilized in private industry. Mr. Muston asked the Council if there was a possible case for investment and operational expenses, in excess of the normal risk in formal business practices, as well as a role for insurance or risk proving at the sector level. Additionally, he asked if there was a role for consortium agreements to share equipment or to establish inventories of spare parts to mitigate the consequences of events affecting capital-intensive industries. He also asked the council to consider the appropriate role for the government in such rare events vis-à-vis critical infrastructure and key resource sectors, particularly policy related to the short-term delivery of those critical infrastructure services in the event of an emergency and the financial viability of a privately-owned infrastructure facing increased security standards designed to meet low-probability threats. Chairman Nye then asked if anyone had comments.

Mr. Mike Wallace commented that, in comparison with the other three topics and Mr. Kepler's comments, the Council is looking for something that is multi-sector with a geographic/regional concentration. That type of study could look at low probability, geographically focused occurrences, thereby elucidating the regional vulnerabilities of critical infrastructure.

Chairman Nye stated that Mr. Wallace's comments offered good refinement to the topic and suggested that Mr. Muston proceed to topic two: sector-level action models for critical infrastructure.

Topic II: Sector-Level Action Models for Critical Infrastructure:

Mr. Muston stated that the second topic focuses on whether or not there is a reason to go beyond government policy in organizing how members of a sector act cooperatively to ensure continuity of operations. Mr. Muston further posed the question of the criteria that the government should use in deciding how and when to intervene in market affairs to effect national security. A 2004 NIAC study examined best practices for government intervention, and identified as important questions such as: how will market forces work over time; can regulation be evenly and successfully applied in a sector; and do security concerns affect consumer choice—thereby affecting competitiveness. The proposed topics for study are whether the sectors are acting adequately on their own accord, and whether their guidelines are helpful for determining when the government intervention is necessary and desirable.

Chairman Nye recognized that the second topic entailed some controversy, as stakeholders need to acknowledge when an industry can not maintain sufficient levels of infrastructure security and

resilience on its own, and the government must anticipate the externalities involved in becoming involved in the market. Many industries resist regulation, preferring the view that the industry can self-regulate; however, a model—developed with government assistance—can inform critical infrastructure practices and assist each sector in better developing criteria for resilience issues. Ensuring that each sector has knowledge of what the other sectors are accomplishing and possibly a model could better serve sectors that are tightly integrated and interdependent. This topic focuses on when government help or regulation becomes necessary, and how best to implement such assistance.

Topic III: Addressing Linkages Between and Amongst Sectors

Mr. Muston stated to the group the following topic: improving resilience by addressing cross-sector dependencies. This third proposed topic for study might examine cross-sector dependencies among critical infrastructure sectors and possible measures that sectors could apply and the resilience of those dependent sectors. Key issues include firms' focus on their internal affairs rather than on participating in a sector level approach, which is natural given their incentives. However, the NIAC observed in several studies that vulnerabilities due to dependencies between infrastructure sectors may benefit from external channels to facilitate communication and coordination on important issues of security. For example, a recently completed NIAC study found that the communication of risk between sectors is often contingent on overcoming language barriers, deciphering terminology across industries, and creating linkages between key individuals in each sector.

Topic IV: Prioritizing Response and Recovery Efforts

Mr. Muston noted that the fourth topic was prioritizing agendas for sector response and recovery based upon the immediacy and magnitude of the impact. This study would examine whether certain sectors need different types or levels of support, due to the immediacy with which the loss of their services is felt, and how government and policy should address these circumstances. Obviously, the loss of any infrastructures to a community is a critical matter. The elapsed time from the loss of infrastructure functionality to the impact of that loss, however, varies within and across infrastructure sectors. The *Frameworks Study* identified the Electric, Communications and Financial Services Sectors as having the quickest impact resulting from loss of services, followed closely by Water. Without these services, every other sector quickly loses normal functionality, and members of the public are—of course—directly impacted. A new study could better define and describe this “time to effect of loss” to support the development of policy, and examine policy options to strengthen the robustness of these sectors. A key question would be how should the government allocate scarce consequence management resources in the event of a major disruption?

Chairman Nye thanked Mr. Muston and solicited further comments from the NIAC.

Comments:

Mr. Berkeley commented that the first topic has particular relevance because it relates to the notion of a multi-sector, geographically-focused paradigm.

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Ms. Grayson stated that the other three topics could be combined into a single comprehensive study.

Chairman Nye commented that if the Council put the topics together that it would likely become too large an undertaking.

Ms. Grayson responded that she struggled with the same idea and that topic regarding investing for rare occurrences resonated strongly with her, as it is a topic that probes sector resilience and asks important questions about highly consequential events. She stressed that it was worth possibly blending the topics, if it did not increase the study's scope too much.

Chairman Nye added that it was similar to the resiliency study, that it could be a good idea to take on a combined topic and observe the path it leads the Council down.

Vice Chairman Berkeley stated that the market measures equate to market incentives. He noted that perhaps an interaction between market incentives and government policy is similar to the sector-level action models and the discussion regarding self regulation. Continuing, he added that in the first seven years, the Council did not receive any feedback from DHS, the White House, or other government agencies regarding self regulation. Ninety-five percent of the infrastructure is owned by the private sector. The example set by the Fair Labor Act in 1938 for the financial services industry established a self-regulatory mechanism that served the country well as the government realized that the direct regulation model would not correct the problem entirely. If there was a role for self-regulation and some self-regulatory aspects in some of the 18 sectors and less so in others, then the variance in the sectors with less self regulation, that the government would pay more attention to the proposed topic. Self-regulatory mechanisms are time-intensive to set up, but offer an alternative to copious government regulation.

Chairman Nye asked the NIAC to discuss the idea of combining elements of the four studies into one.

Mr. Wallace commented that there are market measures in self-regulation, market-incentives in self-regulation, and they all seem a natural fit in some dimensions.

Mr. Denny Houston added that, on the first topic, he had some concern as to where the market ends, and warned that the NIAC not underestimate the capability of the market. Additionally, in terms of market stimulation, he noted that the importance of growing new ideas in order to cope with the very rare occurrences as opposed to allow market hands to handle the responsibility. Mr. Houston stressed the necessity of studying a narrowly defined topic to obviate the risk of the study becoming overwhelming.

Chairman Nye agreed, consistent with member feedback, that the title such be changed to more narrowly address the relationship between market measures, sector resilience, and the variable need for greater government involvement.

Mr. Mike Wallace stated that he would vote for quality over quantity.

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Chairman Nye noted Mr. Wallace's comment and asked if there were comments from other members. Chairman Nye then asked the council to respond to which of the four topics the NIAC should undertake by noting the order of topics each member prioritizes.

Mr. Wallace requested to briefly interrupt the Chairman and added that the Council should definitely look at resilience in the Electric-Utility, Nuclear, Transportation, Oil, and Gas sectors. Vice Chairman Berkeley stated that coming out of the financial services industry with the self-regulatory—his topic preferences are two, one, and three, respectively.

Chairman Nye stated that topic number three was eliminated from the voting. Henceforth topic four will be referred to as the third topic under consideration.

General Edmond voted topic number two as his highest priority.

Ms. Grayson agreed that topic number two was ideal.

Chairman Nye asked Mr. Houston his preference; Mr. Houston voted for topic number three.

Mr. Jim Nicholson voted for topic number three as well.

Mr. Tom Noonan voted for topics in the order of three, two, and one in ascending order of priority.

Governor Pawlenty noted that he was comfortable with the overall decision of the Council.

Ms. Nancy Wong noted that Mr. Greg Peters would send his vote Ms. Wong via email.

Chairman Nye asked Mr. John Thompson for his vote.

Mr. John Thompson prioritized topic number three as the most important.

Mr. Wallace noted his preference in topics as one, two and then three.

Mr. John Williams voted one, two, and three in that order of priority.

Chairman Nye noted that the nature of preferences produced three twos, four threes and two ones. A plurality of the vote favored the third topic: prioritizing the support for the sector response and recovery based upon timing of the impact.

Vice Chairman Berkeley suggested to the Chairman that the Council take on the third topic, and revisit the other topics at a later date.

Chairman Nye stated that the decision process was crude and asked if the Members voting for other topics were amenable to topic three.

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Vice Chairman Berkeley noted that the Members were eager to help and the Council will learn a great deal from the prioritizing topic.

Ms. Grayson agreed with Mr. Berkeley, noting that the Council will likely see portions of the other studies as topic three unfolds.

Chairman Nye asked if Ms. Grayson would help with the leadership of the study despite her preference for topic.

Ms. Grayson stated that she gladly volunteered.

Chairman Nye thanked Ms. Grayson and expressed his gratitude and leadership for the many years she has committed to the NIAC. Chairman Nye asked if there were any additional volunteers for the study.

Mr. Tom Noonan agreed to help Ms. Grayson with the new study.

Chairman Nye thanked Mr. Noonan and expressed gratitude at the time the Council members dedicate to studies. He noted that it was an enduring testimony to the quality and character of the individuals leading critical infrastructure and key resource areas.

Chairman Nye also noted the topic that the Under Secretary asked the Council to undertake in addition to the crudely decided NIAC undertaking will both have great leadership. The Council is making great progress. Chairman Nye then asked the Council if there was any additional business before moving forward with the meeting.

Mr. Wallace asked Chairman Nye if he would entertain an update on the CEO project from the Critical Infrastructure Protection Strategic Assessment Study completed over a year ago.

IV. DHS STUDY REQUEST

Rand Beers, Under Secretary, National
Protection and Programs Directorate DHS

Chairman Nye welcomed Under Secretary Rand Beers to the meeting; and before turning the floor to the Under Secretary added that the NIAC appreciated his interest and presence. Additionally, the Chairman thanked Under Secretary Beers and DHS for extending the NIAC's charter and expressed interest in guidance on possible work topics.

Under Secretary Beers praised Chairman Nye and the NIAC members for all of the work accomplished by the Council to date. Noting that the NIAC's efforts and contributions were significant to CIKR, Under Secretary Beers stated that the NIAC's work is an important part of DHS' efforts. The NIAC completed 18 studies in seven years, all high quality and valuable, and the recommendations contained therein effected policy changes nearly 60% of the time (and climbing). The Under Secretary noted that the high level of implementation led to the renewal of

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the NIAC charter. Groups like the NIAC are important to the everyday work accomplished in NPPD on CIKR protection issues.

Regarding the Critical Infrastructure Resilience report, the Under Secretary cited from the NIAC study that the government and industry need to take steps to integrate resilience in protection into a comprehensive risk management strategy, moving beyond an excessive focus on protection-as-security. The Critical Infrastructure Resilience report also recommended improving government coordination by strengthening and leveraging the public-private partnership and clarifying the roles and responsibilities of critical infrastructure partners. The Obama Administration and Secretary Napolitano are deeply committed to improving resilience and the ability to respond to critical incidents in an all-hazards environment, and NIAC is an essential part of crucial partnership between the public and private sectors, acting as a bridge between policies at all levels and business practices.

On a day-to-day basis the National Infrastructure Protection Plan (NIPP) provides DHS with a unifying framework for the 18 unique sectors, that range from asset focus to system and network focused entities. In the NIAC report, it notes the importance of resilience as a key operational feature for network-focused entities. The NIAC advocates the coordination of the protection and resilience efforts of the federal partners, owners and operators, and state and local agencies. And the success in implementing the NIPP has significantly improved security of vital resources and services—but constant vigilance, ingenuity, and innovation are still important to effect security. The report also outlines the sector partnership model and indicates the importance to progress towards this effort.

Under Secretary Beers underscored the importance of moving forward with the combined effort of the partners—using NIAC as a place to form and develop important bonds, as well as a forum to take advantage of such enduring relationships. DHS leadership recognizes that resilience is an important strategy for mitigating the multitude of risks facing owner and operators as critical infrastructures in the United States. As mentioned earlier, the newly completed NIAC study on Critical Infrastructure Resilience recommends how to integrate resilience and protection into a comprehensive risk management strategy by revamping government policies, clarifying the rules and responsibilities of security partners, and leveraging the public-private partnership.

Although the NIAC study provided a common definition of resilience, it also recognizes that each sector applies resilience strategies and practices in different ways based on their own unique sector structure, asset configuration, risk-profile, and business conditions. Accordingly, the NIAC recommended that each sector develop sector-specific goals and metrics, so that resilience is defined and practiced in accordance with the needs of each sector. Once established, the goals would provide the basis for focusing resources and designing policy meant to address gaps. A useful follow-up for the recent Critical Infrastructure Resilience study would be to describe and clarify sector-specific resilience strategies and practices to provide the basis for setting appropriate sector-specific resilience goals. The proposed study might be conducted by selecting two or three sectors as case studies and doing so in collaboration with the leaders of those respective sectors to provide insights on how to develop resilience goals and align private sector business and security objectives.

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Under Secretary Beers suggested the Transportation and Energy sectors—specifically, the Electricity and Oil and Natural Gas sub-sectors—as good candidates for such a study. This effort should provide a guideline or template for each sector to develop and put forth its own set of resilience goals. Within the study, the NIAC could assess how selected sectors define resilience, how they use resilience practices to mitigate risk, how they identify resilience goals as established within their sector, and then establish a policy and process for setting goals in each sector. It could also recommend government policies that would promote developments of sector-specific resilience goals.

The study would allow DHS and CIKR partners to continue making progress in improving resilience, while leveraging an individual sector-specific approach that lays out attainable goals for all 18 of the CIKR sectors. Under Secretary Beers expressed hope that, through continued mutual efforts in working in the topic area, the NIAC, DHS, and the public-private partnership can facilitate maturation of information-sharing coordination apparatuses and response capabilities at all levels of government as well as within the private sector. By accomplishing these tasks, the nation can enhance security information and ensure resilience to meet the dangers posed by all risks.

Under Secretary Beers thanked the NIAC for the opportunity to participate and thanked them for their time and effort on behalf of the Secretary. He concluded, stating that he looks forward to the continued involvement in future collaborative efforts.

Chairman Nye thanked Under Secretary Beers for his thoughtful comments and guidance. Chairman Nye noted that among NIAC Members there was strong sentiment to follow on the last resilience study, recognizing that the Critical Infrastructure Resilience study opened many avenues for further exploration. Chairman Nye thanked the Under Secretary and invited him to listen to the ongoing NIAC discussion if his time permitted.

Under Secretary Beers thanked Chairman Nye and added that the efforts of the NIAC coincided with the new Administration's resilience mission tasked to DHS leadership by the President. The timeliness of the resilience study will serve the country well.

Chairman Nye then suggested the NIAC discuss the task presented by Under Secretary Beers to describe and clarify specific resilience strategies and practices and, in turn, provide the basis for setting appropriate sector-specific resilience goals and then finally take that effort and provide a guideline or template for each sector to develop and put forward a set of resilience guides. Chairman Nye requested a page that outlines the anticipated task.

Ms. Nancy Wong replied that the minutes will address the Chairman's request regarding the Under Secretary's comments and statements.

Chairman Nye thanked Ms. Wong. He then noted the Under Secretary's suggestion of a two or three sector and the excellent leadership on the original resilience study from Mr. Wes Bush, Ms. Peg Grayson, and Mr. John Thompson. Chairman Nye apologized for not mentioning everyone

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that participated in the study, and asked the NIAC members for comments regarding the new task.

Mr. Denny Houston stated that the energy sector would be enthusiastic about the task. He cautioned about setting benchmarks too early and suggested that the NIAC focus on electricity and the sector approach respecting the cross-sector dependencies and use that as a potential model.

Chairman Nye added that part of the Critical Infrastructure Resilience study conducted previously dealt with dependencies.

Mr. Houston replied that cross-functional dependencies would become apparent through the sector analysis, and that with multiple sectors there would be multiple—often overlapping—dependencies.

Mr. Al Berkeley agreed that defining the topic narrowly to begin is wise.

Mr. Mike Wallace noted the common energy background, as a nexus between the nuclear sector and the electric sector. In nuclear, there is distribution and transmission as well, but there are broader issues between the nuclear sector and the electricity sector that could better be addressed. There are goals, objectives, actions, and metrics already in place with the nuclear sector that could help in that regard. Mr. Wallace suggested that nuclear and electricity be coupled because they work so closely together.

Chairman Nye thanked Mr. Wallace for his comments and asked the other members that chaired the previous study for their thoughts.

Ms. Peg Grayson responded to Mr. Wallace's comments, stating that one of the trade-offs that became apparent during the resilience study was protection versus resilience.

Chairman Nye stated that he appreciated the high level of discourse. Following the discussion, he noted that the topic might simply be a matter of prioritization and that at some point the NIAC might expect to discuss the other two sectors that the Under Secretary has mentioned. Chairman Nye also recognized that the energy sector needs coordination due to it being a complex grouping. Chairman Nye also agreed with Vice Chairman Berkeley that the NIAC should start small.

Vice Chairman Berkeley suggested that the NIAC not discount one energy sector but address them one at a time.

Mr. Houston stated that it was a good way to characterize the issue, and by starting small, the best practice matrix will help establish a benchmark.

Chairman Nye agreed that electric and nuclear are deeply connected.

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General Edmonds stated that he had a different perspective from the Under Secretary's comments. From a general point of view, almost everything falls under the heading of energy. Additionally, there is a protection part and resilient part that are not independent and will lead down the path of aggregate energy resilience. With the right leaders in place, the NIAC will follow the path and get answers to the issue.

Chairman Nye stated that General Edmonds made a good point. He then asked if Mr. Wes Bush was on the conference call line, noting that he valued Mr. Bush's view on the issue at hand.

Mr. Gerald Buckwalter, Mr. Bush's point of contact, stated that the Chairman's message will be delivered to Mr. Bush.

Chairman Nye thanked Mr. Buckwalter and noted to the Council that progress was made surrounding the matter. Nuclear and electricity could be divided in two sectors respectively but it might be difficult to claim them as one sector because of the hand and glove relationship.

Nuclear has strict protocols comprised of a whole series of interlocking requirements and relationships regarding response and recovery. Electricity, because of its network nature, has a tremendous amount of information already written in addition to all sorts of protocols that are required to operate within the system. There is a very strong sector relationship both in nuclear and electricity and could be combined together more easily than some other sectors. The Under Secretary is interested in the responses regarding oil and gas because of the relationship of those and that of the Transportation sector (rail, air, and other modes that closely supported the oil and gas, electricity, and nuclear industries). Proceeding with electricity and nuclear with a closed understanding that moving forward the NIAC will subsume Oil and Gas and Transportation sectors into the study.

Chairman Nye asked if the NIAC members were comfortable with the characterization of the study.

Mr. Wallace answered that the characterization was good and that he will prepare a concept building on General Edmonds thoughts and see what the Chairman's reaction is to the ideas. Additionally, he noted that participation from subject matter experts in transportation and oil and gas to help focus on electricity and nuclear energy, then there would be a head start on the following phases of the study.

Chairman Nye agreed to the idea and asked if there were other comments.

Ms. Grayson added that the ability to look at the cross-sectored interdependencies of the energy sector and it will be a natural extension refined in all of these studies that they lead the NIAC down many different paths.

Chairman Nye thanked Ms. Grayson and, since she worked on the previous studies leading to this task, asked her if she would volunteer for a leadership role, especially for the later phases.

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With the leadership from the original resilience study and the representation from the electric sector and from the nuclear sector—Mr. John Williams and Mr. Mike Wallace, Chairman Nye asked if Mr. Wallace had any interest in leading the study.

Mr. Wallace enthusiastically stated that he would volunteer.

Chairman Nye noted that Mr. Wallace would provide some chairmanship along with a few others. Chairman Nye asked Mr. John Williams if he had sufficient time to dedicate to the study.

Mr. Williams answered that he had to respectfully decline, but that he would try and provide some help later.

Chairman Nye asked Vice Chairman Al Berkeley if he would provide some overall leadership as the study expands from one sector to another.

Vice Chairman Berkeley agreed to help.

Chairman Nye noted that Mr. Berkeley and Mr. Wallace make a strong leadership team and asked Mr. Berkeley if he would note the progress of the study as it proceeds forward.

Vice Chairman Berkeley agreed.

Chairman Nye noted that he would talk with Ms. Martha Marsh and Mr. John Thompson to help on the topic as well.

Vice Chairman Berkeley added that Mr. Matt Rose would be good member of the leadership, and then asked if Mr. Rose was present on the conference line.

Mr. Rose agreed to volunteer to help with the study.

Chairman Nye praised the great leadership stepping forward, and turned the NIAC's attention to the formation of working group meetings and study groups, as well as the recruitment of subject matter experts.

Vice Chairman Berkeley mentioned that from an airline standpoint the NIAC should consider asking Mr. Greg Wells for counsel.

Mr. Jim Nicholson offered his time when the NIAC addresses the chemical sector.

Chairman Nye thanked him for his willingness to step forward. He then asked Ms. Nancy Wong if the discussion was noted so that the Secretary would have knowledge of the progress.

Ms. Nancy Wong answered that it would be accomplished through the meeting minutes.

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- V. CEO/COO/SENIOR EXECUTIVE LEVEL
CROSS SECTOR COUNCIL UPDATE** *Mike Wallace*, NIAC Member
Vice Chairman and COO,
Constellation Energy; Chairman,
UniStar Nuclear Energy; Chairman,
CENG

Chairman Nye asked Mr. Mike Wallace to update the NIAC about the recent actions of a CEO/COO/Senior Executive Level Cross-Sector Council (Senior Executive Level Council).

Mr. Mike Wallace thanked Chairman Nye for the opportunity to update the NIAC regarding the newly formed Senior Executive Level Council. Mr. Wallace began by recounting the background of the Senior Executive Level Council. In October 2008, the NIAC completed the study entitled Critical Infrastructure and Key Resources Strategic Assessment (CIPSA), a study that Mr. Wallace himself led. In the study, the private sector took several action items, including the establishment of a CEO, COO, and Senior Executive Level Council that could convene and examine issues in a scalable fashion. Scalability would allow the Senior Executive Level Council along with policy level individuals at the federal government level to address threats or scenarios in an efficient, thoughtful manner. The Senior Executive Level Council offered a unique opportunity to build relationships at that level, ensuring that the roles and responsibilities are delineated among cross-sector business leaders and, thereby, enhancing critical infrastructure resiliency in the event of an attack or threat with systemic effects. Mr. Wallace added that there was an intentional disconnect between the NIAC and the Senior Executive Level Council.

Continuing, Mr. Wallace stated that the second objective was to establish a small but permanent staff to support the Senior Executive Level Council because staff is a crucial facilitator for executives.

Within the objectives of the action items in the CIPSA report, the new council would work with the 16 sectors in order to identify additional individuals willing to help with the formation of the new Senior Executive Level Council. There are already five NIAC members out of the eight executives on the formation team and Mr. Wallace does not anticipate additional individual NIAC member participation just to create the distinction but rather the identified senior executives from the other sectors not presently represented. The group is, on a temporary basis, endorsed by the Nuclear Sector Coordinating Council, in order to mature under the Critical Infrastructure Protection Advisory Council (CIPAC) Framework. The group is in the process of developing and reviewing the anti-trust business review needed to establish the council. The group is in the process of seeking the additional senior executive members and is trying to secure the financial support necessary for permanent staff. As a total effort, the vision was impacted by the financial market—which now has attained some stability. Mr. Wallace concluded that the short update was to spread awareness to identify members, and to note that actions on the objectives are moving forward.

Chairman Nye thanked Mr. Wallace and stated that the update was good news of the tremendous potential that exists within that newly forming group and the whole area of cross-sector

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coordination and responses. Chairman Nye thanked Mr. Wallace for helping develop the CIPSA report and the work in the newly developing Senior Executive Level Council—that all of the NIAC members understand the value of the opportunity to coordinate with the 18 critical infrastructures. The more accomplished within industries and the private sector in cooperation with government partners the more nimble infrastructure protection and resilience will be during challenging times. Chairman Nye added that the formation of the new council is an exceptional measure but is orderly and an appropriate way to approach the issues. He thanked Mr. Wallace for his effort and asked the NIAC if any members had comments—hearing none, the Chairman moved the meeting to the closing remarks.

VI. CLOSING REMARKS

*Philip Reitingger, Deputy Under Secretary,
NPPD, DHS*

Chairman Nye asked Deputy Under Secretary Philip Reitingger for closing comments.

Deputy Under Secretary Reitingger thanked Chairman Nye and added that it was an honor to participate and speak to the NIAC. He added that as part of his recent private sector experience, he had previously worked on a couple of NIAC studies and enjoyed the experience immensely.

Deputy Under Secretary Reitingger noted that his experience in both the private sector and the government made clear how crucial the partnership is to CIP. It is incumbent upon leadership in the government to use the NIAC effectively, understanding the deep level of commitment that the private sector puts into its participations in the NIAC. Further, it is important for DHS to make sure that the NIAC's recommendations are implemented effectively.

The Deputy Under Secretary noted that he is designated cyber lead for DHS. Under Secretary Reitingger highlighted DHS public-private partnership initiatives that could benefit greatly from the expertise of NIAC members and other private sector subject matter experts. Moving forward, DHS is trying to develop a more effective set of mechanisms for working with the private sector to help respond as one Nation when incidents occur. In that regard, DHS will, in the near future, open up a joint-watch that will combine all of the different cyber watch operations within DHS in the same space. The second effort, rapidly moving forward from the precedence of the cyberspace policy review, is work on the national cyber incident response plan process, an effort to develop a highly actionable plan for responding to a nationally significant cyber event that would enable CIKR stakeholders and the government to work together effectively. DHS is working in a slightly different way than it has before, insofar as the private sector and the state and local governments were involved at the beginning. Deputy Under Secretary Reitingger noted that if anyone wanted to join that process that everything is being worked through the Sector Coordinating Councils.

Regarding the physical side of CIKR protection and resilience, as the Under Secretary noted earlier, it is critical that DHS notice the NIAC's considerable work and accomplishments since the creation of the Department and of the NIAC. He added that an area of work currently under consideration by the NIAC is specifically aligned with current efforts looking at resilience and implementation on a sector-by-sector basis. The metrics outcomes will indicate if DHS is

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effective or not. The Deputy Under Secretary lauded the work focusing on metrics in order to help manage the issues that are of considerable value to all.

The second item of work discussed was to launch a study on prioritization within sectors—that which is most critical for DHS and CIKR stakeholders to focus on is important—if the nation attempts to do everything, then nothing is accomplished. Input on how DHS should focus its energy, both as a government agency and as a partner with the private sector, will help DHS achieve greater efficiency and effectiveness.

Deputy Under Secretary Reitingger thanked the NIAC members for their efforts over the NIAC tenure, and in particular thanked the efforts of Chairman Nye and Vice Chairman Berkeley to lead the NIAC and move it forward and provide recommendations to the Secretary and to the President. Concluding, he lauded their complete work, and thanked the members for their commitment to the Country.

Chairman Nye thanked Deputy Under Secretary Reitingger for his well-spoken comments. Chairman Nye added that the NIAC appreciates his counsel and looks forward to working with him. He stated that the sixty percent implementation rate for NIAC testified to germane nature of NIAC's mandate. Concluding, Chairman Nye stated that the NIAC appreciates that Secretary Napolitano shares work with the NIAC as well as the attention the Council received as demonstrated by Deputy Under Secretary Reitingger's comments.

VII. ADJOURNMENT

NIAC Chairman *Erle A. Nye*, Presiding

Chairman Nye asked if any NIAC Members or honored guests had anything additional to state. Hearing none, Chairman Nye set the next NIAC Quarterly Meeting for January 12, 2010, as a teleconference and noted that an in-person venue will be held in Washington at the National Press Club. Chairman Nye encouraged all the NIAC Members to attend in Washington, if possible, to hear reports on the progress made on the two new Working Groups that the NIAC began. He finished by stating that the meeting was very productive. Chairman Nye thanked everyone for their time and effort and then adjourned the meeting.

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I hereby certify the foregoing minutes accurately represent the discussion and events that transpired at the meeting held on the date first noted above.

By: _____
Erle A. Nye, Chairman, NIAC

Date: _____