U.S. Department of Energy’s Office of Cybersecurity, Energy Security, and Emergency Response (CESER) Rural and Municipal Utility Advanced Cybersecurity Grant and Technical Assistance Program (RMUC) Program

Transcript: Recorded Remarks for Listening Session 01 (08/18/2022)

**Andrew Wills:** [00:00:00] This session is now being recorded. Good afternoon, everybody. My name is Andrew Wills and I'm the Senior Advisor and Chief of Staff here at CESER. I know many of you from my time in the cooperative and municipal utility community; in high school, I was the Washington youth tour representative from the Satilla REMC in south Georgia.

After law school, I was a clerk to the General Counsel for the Georgia Transmission Corporation. And after my time as a lawyer for NERC, I was a lobbyist and lawyer for APPA (or American Public Power Association), representing the nation's municipal utilities. So, thank you, friends and former colleagues, for joining me today.

It really is great to have so many of you here for this event, and I'm happy to be acting as your MC this afternoon. Again, please note, this portion of this event is being recorded.

Welcome to this significant milestone, [00:01:00] as we launched the Rural and Municipal Utility Advanced Cybersecurity Grant and Technical Assistance Program. The Department of Energy and the Office of Cybersecurity, Energy Security, and Emergency Response, or CESER, is thrilled to kick off this program and to host a series of listening sessions as a way to understand your priorities and how we can support your work to build stronger cybersecurity programs in your utilities. We are holding these listening sessions because we want to hear from you. We want to understand your questions, your challenges, your priorities, and how we at DOE can design this program to help improve your cybersecurity posture in your utility.

Here's our agenda for the afternoon.

During our time today together, CESER leadership, including myself, will provide brief remarks about the program and why we're here. When we have concluded the opening remarks, we will stop recording. We will then open the [00:02:00] floor for a question-and-answer session. And after the Q&A, we'll start the first portion of the listening session and give you all a chance to answer a series of questions to help understand your priorities. At the end of that portion, we'll ask you to select from one of three breakout sessions; you are free to select any of the breakout sessions. You'll then all go back to your selected breakout sessions. And after those, we'll reconvene here in the main meeting and discuss the next steps for what lies ahead for the RMUC program.

Now I'd like to introduce my colleague, our colleague, CESER Acting Principal Deputy Director Monica Neukomm. Acting Principal Deputy Director Neukomm oversees the planning and execution of CESER's portfolio, and she collaborates with offices across the department to integrate cyber, physical, and natural hazard solutions into DOE research, development, and deployment activities.

Most recently, she served as DOE's lead for implementation of the department's 62 [00:03:00] billion-dollar investment under the Bipartisan Infrastructure Law. We are very lucky to have Monica on our team here at CESER. It is my pleasure to introduce Acting Principal Deputy Director, Monica Neukomm, to share a few opening remarks.

Monica, over to you.

**Monica Neukomm:** Thank you, Andrew. First, I'd like to start by thanking those of you in attendance today. This kickoff session is an important step for DOE to truly understand the ground truth of the cybersecurity challenges you all face and determine how we can maximize investments in helping you secure your systems, which are critical to your communities and our nation.

So, thank you so much for making the time to join us today. At CESER, our mission is to enhance the resilience of the energy sector from all hazards, including cybersecurity threats, through preparation, policy, risk analysis, and response activities. This mission extends to our work implementing parts of that Bipartisan Infrastructure Law, or BIL.

Signed [00:04:00] into law last November, the BIL is truly a once-in-a-generation investment in the nation's infrastructure that will provide transformative benefits to communities like yours. Here at DOE, we are working on the amazing opportunity of implementing 62 billion of BIL funds on programs and projects to modernize the nation's energy infrastructure.

This includes 27 billion to modernize and upgrade the electrical grid to make it more resilient, to increased extreme weather and cyber-attack. We are at a key moment, where preparing for and mitigating cybersecurity incidents is extremely important. The BIL is providing us with a strategic opportunity to take a step back and build new and harden existing infrastructure to address current threats and threats of the future.

I know I don't have to remind this audience that cybersecurity threats to critical infrastructure are especially important. This year's annual threat assessment, developed by the Office of the Director of National Intelligence, continued to [00:05:00] highlight the capabilities U.S. adversaries have to launch cyber-attacks that could disrupt critical infrastructure services.

Previous reports, as then in 2019, provided specific examples of possible attacks, such as disrupting electrical distribution networks for a few hours. The disruptions experienced by Ukraine's distribution grid in 2015 and transmission substation in 2016 were clear examples of what was possible. And that was seven years ago.

The Office of the Director of National Intelligence has stated that Russia is particularly focused on improving its ability to target critical infrastructure, including underwater cables and industrial control systems to improve its ability to damage infrastructure during a crisis.

Having led the Colonial Pipeline incident response last year, our office has seen firsthand how degradation of services can lead to second order effects like panic buying and economic uncertainty due to the sudden loss of energy resources and the time [00:06:00] it takes for response and recovery. To that end, we see energy security as economic and national security in ensuring critical energy systems, like those that you own and operate, are hardened to mitigate cyber-attacks is especially important as threats to these systems continue to increase.

That is what brings us here today, to the kickoff of the Rural and Municipal Utility Advanced Cybersecurity Grant and Technical Assistance program, which is quite a mouthful. And that is why you also hear us say the RMUC program. The goal of this program is to enhance the cyber security posture of utilities like yours across the country.

Our goal is to help you harden your utility systems, processes, and assets, including increasing the cybersecurity skills in your staff. All of the people, processes, and technology resources in your utility are critical to keeping the lights on. The President and Secretary Granholm have made it clear that they want to be purposeful in investing federal resources to support rural [00:07:00] communities.

Upgrading electricity and transmission infrastructure is one of the administration's top priorities and improving the resilience of our grid infrastructure is a key part of this. We understand the important and unique economic and national security roles that rural and municipal utilities have, not only in their communities but also for the nation.

As we saw with Colonial, a large region of the U.S. East Coast was affected. We know that your members and customers rely on you every day to provide safe, secure, reliable, and affordable energy to their homes and businesses. We also know you take this role seriously, and we want to support you by targeting our resources where they are needed most through the RMUC program.

We want to partner with you to understand your priorities and challenges and develop appropriate solutions that will last for decades to come. And today's session is just step one in our partnership and will help to inform, to inform and maximize these [00:08:00] investments. We plan to use your feedback today and in subsequent sessions to understand how we can best support you.

So, we can align our efforts through the RMUC program to meet the challenges you identify. Thank you so much for your time. And we look forward to your questions and discussion to come. And with that, I'll send it back to Andrew for additional opening remarks.

**Andrew Wills:** Thanks, Monica. We're really glad you could join us today, and selfishly, as the Chief of Staff here at CESER, I'm glad we have you. You're a wonderful leader for our team. I echo a lot of what you just said about RMUC. Before I dive into the importance of this particular program, I'd like to provide some context around our support for rural communities across the entire Department of Energy.

First, and as I've already mentioned, I am a product of both the rural cooperative and municipal utility community. And I have worked with our small industrial utility friends many times before. I can speak from [00:09:00] experience, this is a critical community. As Monica mentioned earlier, DOE is committed to delivering opportunity and investments in rural areas.

And this past April, in concert with the White House, DOE announced its Bipartisan Infrastructure Law, or BIL, opportunities through rural America. DOE outlined specific opportunities for rural investments in areas like transportation, to equitably increase the deployment of electric vehicle technologies in local communities. And in rural energy, environment, and climate, to improve energy resilience, safety, and affordability. BIL provides one billion dollars to carry out activities related to improving energy in rural and remote areas. That is a significant investment. Recently, DOE announced a 2.3-billion-dollar initiative for states and tribes to strengthen and modernize America's power grid, which gives priority to projects that generate the greatest community benefit, including in rural areas.

We have more [00:10:00] on this in a later slide at the end of the presentation. And as a side note, the application deadline for the funding I just mentioned, the 2.3-billion-dollar initiative, is September 30th.

Following this investment in modernization and adoption of new technologies also requires the proper security tools and training to enable you to continue to provide safe, reliable, and affordable energy to your members and your customers.

This is where the RMUC program comes in. With this program, we are providing 250 million dollars over five years in BIL funding to help rural and municipal electric utilities and small investor-owned electric utilities improve their cybersecurity posture. Priority will be given to utilities with limited cybersecurity resources, those critical to the reliability of the bulk power system, or those that own defense critical electric infrastructure.

More to come later on which utilities specifically can apply for and receive [00:11:00] those resources. As I noted earlier, we are interested in making sure the impact of this funding doesn't end after the five-year implementation of the BIL, and the advances that you are making right now last well into the future. Today's session will be an opportunity for each of you to share with us your thoughts on how we can achieve this goal.

And to help us determine how to maximize our investments. We look forward to hearing from each of you and we look forward to the input that you'll provide to help us shape this program.

Now I'd like to introduce my colleague, Dr. Cynthia Hsu, the Program Manager for the RMUC program. Cynthia has been instrumental in CESER's efforts to execute this provision.

I am confident in her abilities to apply resources where they're most needed. And I'm sure many of you in the rural cooperative, municipal and small IOU community already know Dr. Hsu. Over numerous conversations with her, it is clear she is very passionate about this program, and I know she'll see it through effectively. With that, Cynthia, Dr. Hsu, the floor [00:12:00] is all yours.

**Cynthia Hsu:** Thank you, Andrew. It is really an honor to be here, as Andrew said. I've been three months now at DOE in CESER and it's awesome. So I'm the Cybersecurity Program Manager for rural municipal utilities. And I'll be leading this program and I can't tell you how excited I am about it.

Many of you I've worked with in the past, and now we get a chance to do something at a national scale. And I'm hoping that you'll join me in helping to build this to do what I think it's really possible to. So, what I'm going to do right now is run through, really quickly, some details about the program.

If you could pull up the next slide for me, Sam. So, this program is funded, as our Deputy Director Monica said, out of the IIJA and if you want to look at the actual wording for the legislation, it's in the packet that we sent you guys, but there's also a link here. 40124 is the section that you're looking for.

So, let's talk a little bit about what's in 40124. We're given some specific pieces in this legislation to guide us in how we develop the program. There are two primary objectives. [00:13:00]

The first objective is to deploy advanced cyber security technologies. And now that might sound like deploying just technology, but there's actually a unique definition in here.

It's defined as technology, which all of us assume, but it's also defined as operational capability or services. So that definition gives us some real breadth to talk about what we want to do with this funding and how do we help you. So, we're not limited to just technology. We also can do things to improve your operational capabilities or to provide services that help you.

In addition to that, our second objective is, we need to increase the participation of eligible entities in threat information sharing programs.

So, these are the goals that Congress has set forward for us in this funding. So, let's talk a little bit about who's eligible because that is definitely one of the questions that I'm getting the most.

The legislation identifies four categories of eligible entities. Number one is if you're a rural electric cooperative. Number two [00:14:00] is if you're a municipally owned electric utility. And then there's a third category, which is for not-for-profits that are in partnership with either rural electric cooperatives and/or municipal utilities.

And the fourth category are the small investor own utilities that sell less than 4 million megawatt hours a year. Now that might sound like it’s pretty clear cut, here's who it is, but we're going to get into criteria because there are some nuances to how we spend the money, but those are the four eligible entities. And we're going to ask you for criteria suggestions later.

So, let's go on to funding. As Andrew pointed out, we have some additional requirements. These eligible entities need to be with limited cybersecurity resources. They need to either own assets critical to the reliability of the bulk power system or they need to own defense critical electric infrastructure.

We've got the categories of the eligible entities. We've got these priorities that Congress is asking us to do, and now we need to design a program. [00:15:00] So let's talk a little bit about the funding: 250 million dollars over five years. And that might sound like a large amount of money, but there are about 3,000 potentially eligible entities.

And if you do the math, 250 million over five years and 3,000 entities, we're really going to need to be creative about how we focus this funding to get the best leverage we can over time with the biggest bang for the buck for all of this community. That's the funding. So, let's talk a little bit about what we can do with that funding.

We can provide grants and technical assistance to eligible entities on a competitive basis. That means we need to develop criteria. So, you'll be asked questions over the course of today about what criteria do you think we should be taking into consideration? Think about what it is, is it that you're large, that you're small, that you're economically disadvantaged? And for the BPS ones, we'll be talking about what are the criteria that make you a critical asset to reliability.

We'll give you an opportunity to provide some input into that. We can also [00:16:00] enter into cooperative agreements with eligible entities. And then the last thing that we're required to do is establish a process to ensure that all of the eligible entities know the program exists and have an opportunity to participate in the program.

And these listening sessions are our first step in reaching out to all of you to start finding out who are the eligible entities or the potential eligible entities, and to make sure that we stay in contact with you.

So, with that--where are we now? We are in the listening phase. For the next couple of months, we're going to be focused on collecting your input.

We have three listening sessions scheduled:

The one today.

There's one scheduled September 15th. We're pretty much going to focus on the unique needs of cooperative utilities in that one.

There's one on September 29th, where we're focused on the unique needs of municipal utilities.

And then we will be releasing a request for information where we'll be able to capture a broad range of input from all of you across a much wider range of topics than we can reach in these questions today.

We're going to be posting the registration for those listening [00:17:00] sessions about two weeks before they start. So, you can go to the webpage here and we'll release this slide. So, the slides and the opening comments, we'll release. You can go to this webpage to register and keep an eye on that registration. Also, if you said when you registered for this listening session you wanted to be on our mailing list, then we will put you on the mailing list and we'll be sending out announcements to that mailing list.

So right now, we're in listening mode. We'll then go to program design mode. And then at some point we'll go to funding mode. We're anticipating that that first action under funding will happen in the first quarter of 2023.

All right. So, the goals for today: we want to hear what you have to say. We're going to use this information to develop the program priorities.

We're going to use these structures of listening sessions to increase our engagement and opportunity for you to give input. But we also might be using this information to design training resources and to design guidance documents. And I suspect that one of the things that will come out of all of this effort in listening and hearing what you are is identifying gaps in [00:18:00] R&D that we might be able to address across CESER in a wider range.

So, with that, I'm going to turn it back over to Andrew. And I'd like to ask Katherine to close the recording.

**Katherine Mclaughlin:** The recording is no longer in session.

**Cynthia Hsu:** We are no longer recording, and I will turn it over to Andrew to moderate the Q&A.