Page 17, after line 12, insert the following:

“(8) Grid security vulnerability.—The term ‘grid security vulnerability’ means a weakness that, in the event of a malicious act using an electromagnetic pulse, would pose a substantial risk of disruption to the operation of those electrical or electronic devices or communications networks, including hardware, software, and data, that are essential to the reliability of the bulk-power system.

Page 26, after line 14, insert the following:

“(e) Measures to address grid security vulnerabilities.—

“(1) Commission authority.—

“(A) Reliability standards.—If the Commission, in consultation with appropriate Federal agencies, identifies a grid security vulnerability that the Commission determines has not adequately been addressed through a reliability standard developed and approved under
section 215, the Commission shall, after notice and opportunity for comment and after consultation with the Secretary, other appropriate Federal agencies, and appropriate governmental authorities in Canada and Mexico, issue an order directing the Electric Reliability Organization to submit to the Commission for approval under section 215, not later than 30 days after the issuance of such order, a reliability standard requiring implementation, by any owner, operator, or user of the bulk-power system in the United States, of measures to protect the bulk-power system against such vulnerability. Any such standard shall include a protection plan, including automated hardware-based solutions. The Commission shall approve a reliability standard submitted pursuant to this subparagraph, unless the Commission determines that such reliability standard does not adequately protect against such vulnerability or otherwise does not satisfy the requirements of section 215.

“(B) MEASURES TO ADDRESS GRID SECURITY VULNERABILITIES.—If the Commission, after notice and opportunity for comment and
after consultation with the Secretary, other appropriate Federal agencies, and appropriate governmental authorities in Canada and Mexico, determines that the reliability standard submitted by the Electric Reliability Organization to address a grid security vulnerability identified under subparagraph (A) does not adequately protect the bulk-power system against such vulnerability, the Commission shall promulgate a rule or issue an order requiring implementation, by any owner, operator, or user of the bulk-power system in the United States, of measures to protect the bulk-power system against such vulnerability. Any such rule or order shall include a protection plan, including automated hardware-based solutions. Before promulgating a rule or issuing an order under this subparagraph, the Commission shall, to the extent practicable in light of the urgency of the need for action to address the grid security vulnerability, request and consider recommendations from the Electric Reliability Organization regarding such rule or order. The Commission may establish an appropriate deadline for the submission of such recommendations.
“(2) RECISSION.—The Commission shall approve a reliability standard developed under section 215 that addresses a grid security vulnerability that is the subject of a rule or order under paragraph (1)(B), unless the Commission determines that such reliability standard does not adequately protect against such vulnerability or otherwise does not satisfy the requirements of section 215. Upon such approval, the Commission shall rescind the rule promulgated or order issued under paragraph (1)(B) addressing such vulnerability, effective upon the effective date of the newly approved reliability standard.

“(3) GEOMAGNETIC STORMS AND ELECTROMAGNETIC PULSE.—Not later than 6 months after the date of enactment of this section, the Commission shall, after notice and an opportunity for comment and after consultation with the Secretary and other appropriate Federal agencies, issue an order directing the Electric Reliability Organization to submit to the Commission for approval under section 215, not later than 6 months after the issuance of such order, reliability standards adequate to protect the bulk-power system from any reasonably foreseeable geomagnetic storm or electromagnetic pulse
event. The Commission’s order shall specify the nature and magnitude of the reasonably foreseeable events against which such standards must protect. Such standards shall appropriately balance the risks to the bulk-power system associated with such events, including any regional variation in such risks, the costs of mitigating such risks, and the priorities and timing associated with implementation. If the Commission determines that the reliability standards submitted by the Electric Reliability Organization pursuant to this paragraph are inadequate, the Commission shall promulgate a rule or issue an order adequate to protect the bulk-power system from geomagnetic storms or electromagnetic pulse as required under paragraph (1)(B).

“(4) LARGE TRANSFORMER AVAILABILITY.—
Not later than 1 year after the date of enactment of this section, the Commission shall, after notice and an opportunity for comment and after consultation with the Secretary and other appropriate Federal agencies, issue an order directing the Electric Reliability Organization to submit to the Commission for approval under section 215, not later than 1 year after the issuance of such order, reliability standards addressing availability of large trans-
formers. Such standards shall require entities that own or operate large transformers to ensure, individually or jointly, adequate availability of large transformers to promptly restore the reliable operation of the bulk-power system in the event that any such transformer is destroyed or disabled as a result of a geomagnetic storm event or electromagnetic pulse event. The Commission’s order shall specify the nature and magnitude of the reasonably foreseeable events that shall provide the basis for such standards. Such standards shall—

“(A) provide entities subject to the standards with the option of meeting such standards individually or jointly; and

“(B) appropriately balance the risks associated with a reasonably foreseeable event, including any regional variation in such risks, and the costs of ensuring adequate availability of spare transformers.

“(5) CERTAIN FEDERAL ENTITIES.—For the 11-year period commencing on the date of enactment of this section, the Tennessee Valley Authority and the Bonneville Power Administration shall be exempt from any requirement under this subsection.