Risk treatment methods of cyber attacks

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ERRA WORKSHOP

CYBERSECURITY OF ENERGY INFRASTRUCTURE

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Hungarian Energy and Public Utility Regulatory Authority

Clean energy, sustainable environment

The Hungarian Energy and Public Utility Regulatory Authority (MEKH)

REGULATION OF THE ELECTRICITY MARKET

REGULATION OF THE NATURAL GAS MARKET

REGULATION OF THE DISTRICT HEATING MARKET

Established in 1994 by law

Independent regulatory authority since 2013

REGULATION OF WATER UTILITY SERVICES

IMPROVE ENERGY EFFICIENCY, AND SUPPORT THE USE OF RENEWABLE ENERGY SOURCES

PREPARATION OF THE WASTE MANAGEMENT PUBLIC SERVICE FEE

Budget ~20 million EUR

331 Current staff

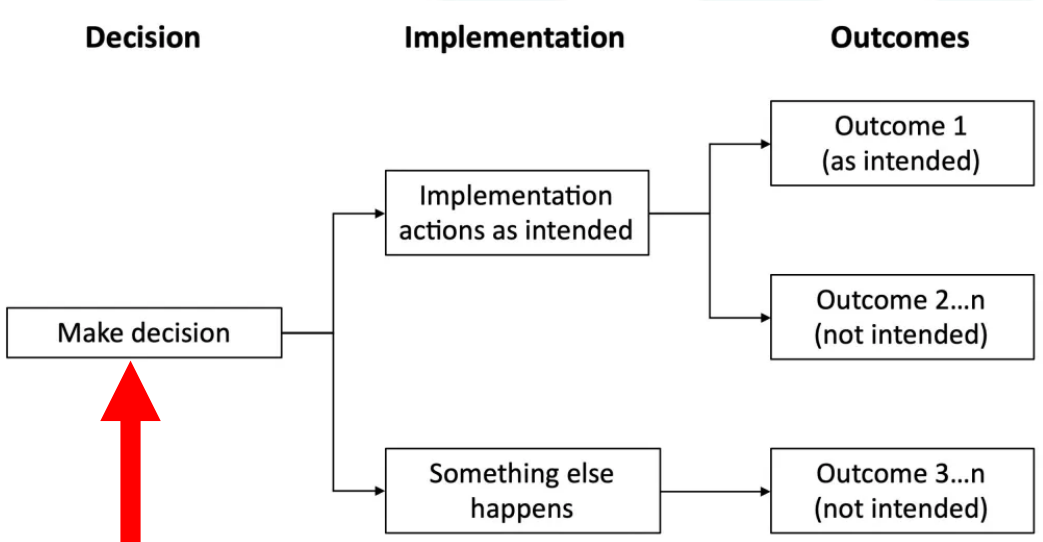
NCCS NCA

Competences: licensing, supervision, price regulation, national energy-statistics related tasks, supporting competition and renewable integration, market monitoring, customer protection and ensure rTPA to the networks and system services.

Why „Risk Management” is NOT in the title?

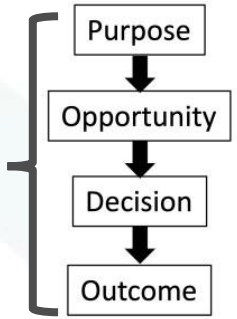
- The term of ***„Risk Management”*** refers to an independent function within the organisation.
- In real (personal and business) life this term could be simply replaced by ***„making decisions”***.
- There are no generic rules, **each decision (type) is unique** and depens on the circumstances, the stakeholders and the information available.
- The literature and science of „Risk Management" is mainly the invention of consultants, auditors, academics, etc. to create **business opportunities.**
- Governments and Regulators „outsource” their social and economic responsibilities by setting **compliance requirements** because they lack the capacity to deal with uncertainty.
- Evidence of „compliance” with risk management (e.g. statutory risk assessment reports, risk maps, risk registers, risk mitigation plans, audit reports, certificates, etc.) are merely **static documents or data sets**.

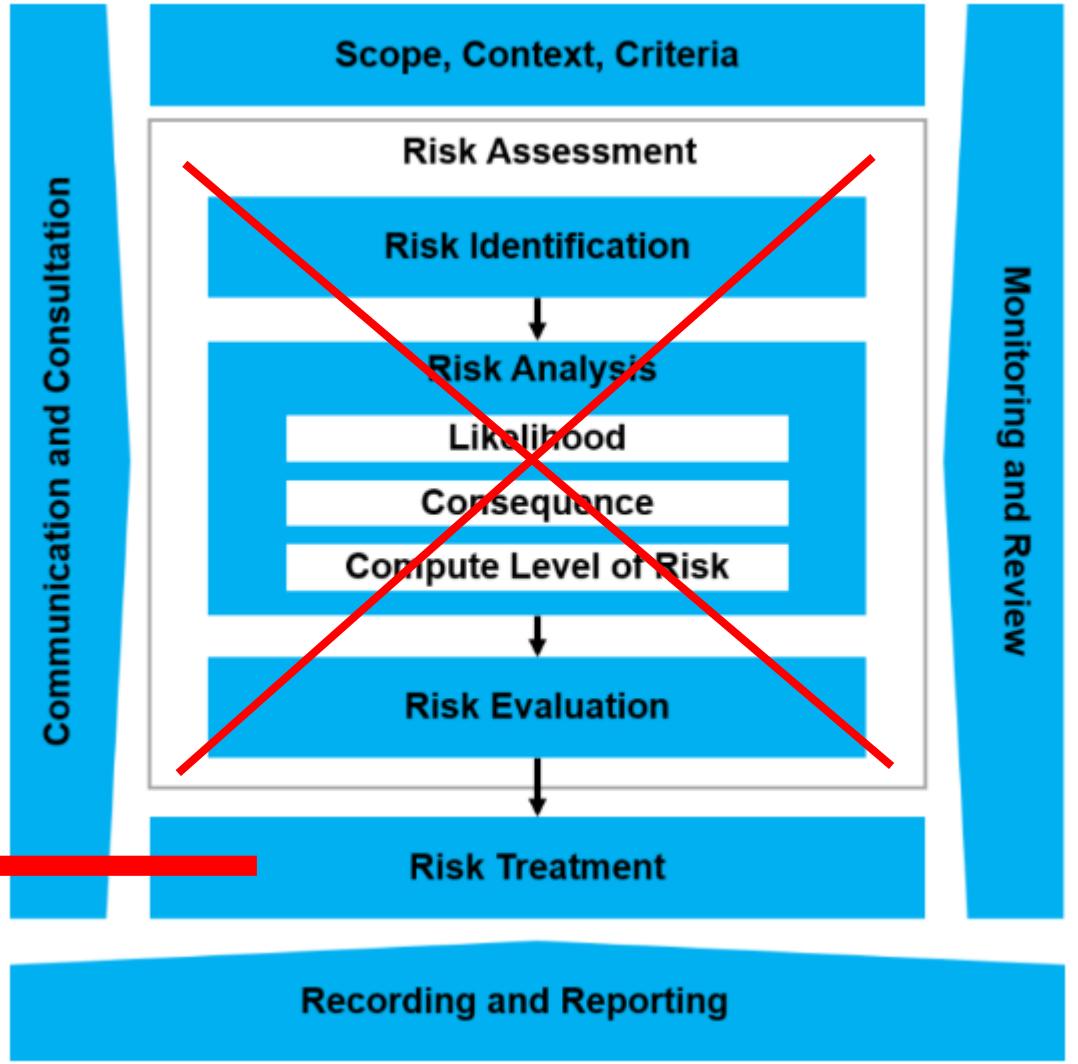
Risk treatment by Regulators



Source: https://sufficientcertainty.com/topics/decisions/

- Cognition
- Regulation
- Support
- Supervision
- Enforcement
- Review





Source: ISO 31000:2018 Risk management process

Content overview

Risk treatment methods from the **regulators**' perspective

- **Hybrid defence** and the energy regulators
- **Risk treatment regulatory exercise:** Identifying high impact and critical impact entities under the temporary provisions of the NCCS regulation
- **Information Sharing and Analysis Center (ISAC)**
- Assessment of the **effectiveness of cybersecurity investments** (based on NCCS benchmarking requirements)
- **Cybersecurity Capability Maturity Model** (C2M2)
- **MITRE D3FEND™**

NOTE: This presentation is not a technical level review of risk treatment methods!

Why energy regulators should treat risks?

- Systematic cyber attacks in the energy sector against **critical infrastructure**
- In-depth sector (risk impact) **knowledge and empowerment** (market, technology, participants, etc.)
- Relations **between stakeholders** (authorities, consumers, system operators, producers, suppliers, traders, etc.)
- Sectoral and state level **risk preparedness functions** (supervison & exercises)
- **Duty to cooperate** with other competent authorities
- **Independence** from the government (trust issue in information sharing)

What should energy regulators take into account?

- National **development objectives** established by strategy documents

  like supply and operational security; climate neutrality, decarbonisation; affordable energy; etc.

- **Stakeholders' (often contradictory) expectations**

  e.g. economic and environmental sustainability; profitability and consumer prices; increase of renewables and maintaining grid operational security, etc.

- **Sources of uncertainties**

  e.g. climate change, geopolitical situations, technologies, availability of resources, supply chain distruptions, cyber threats, etc.

- **Threats to critical infrastructure**

  Hybrid attacks on critical infrastructures, threat actors and their motivations, challenges of hybrid defence, etc.

Hybrid attacks on critical infrastructure

Use of cyber-attack as a tool in geopolitical conflicts

- Increased cyber activities targeting critical infrastructure, including energy and transportation sectors (Ukraine-Russia 2015-)

Risks associated with supply chain vulnerabilities

- Compromised SolarWinds' Orion software, affecting numerous organizations in various sectors including government and critical infrastructure (2020).

Large scale simultanious cyber attacks

- **Many companies targeted at the same time**, avoiding that impacted infrastructure could have shared information on the attack with peers.
- **State-sponsored** planning and resources.
- **Coordinated attacks** on Danish critical infrastructure (2023)

https://sektorcert.dk/wp-content/uploads/2023/11/SektorCERT-The-attack-against-Danish-critical-infrastructure-TLP-CLEAR.pdf

Threat actors

Categories:

- Cybercriminal 50%
- State-sponsored 40%
- Hacktivist 10%

Origin:

- China (17%)
- Russia (9%)
- Iran (5%)

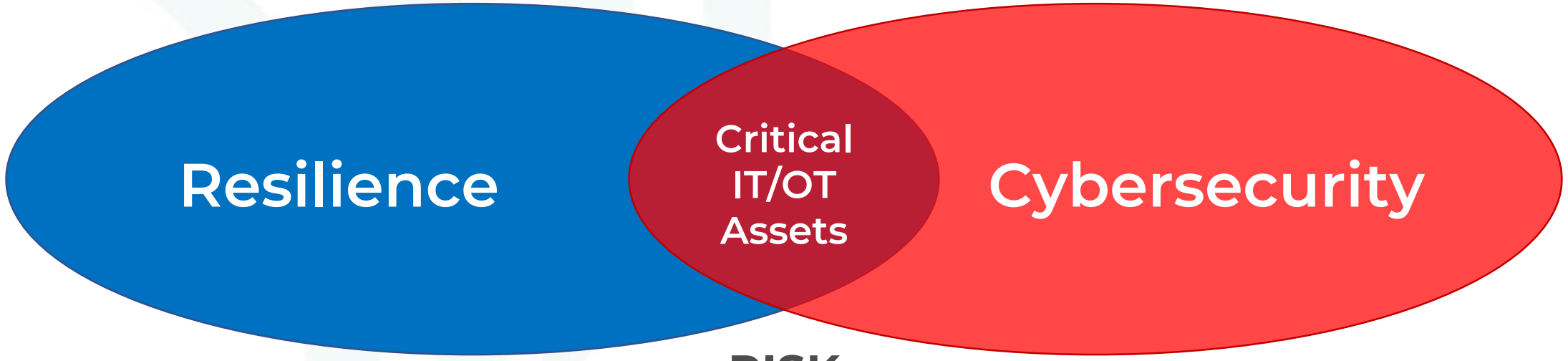
Targeted countries (T10):

- US
- Germany, India, Australia
- UK
- France, Italy, China, Japan, Canada

Targeted industries (T10):

- Government
- Financial services
- Technology, Telecommunication
- Media, Education, Healthcare, **Energy**
- Manufacturing, Retail

Hybrid defence aspects for regulators



RISK
PREPAREDNESS & MITIGATION

- Similar **risk impact** on society, economy, military, environment, etc. -> same impact metrics

- Different **occurance** types (vulnerability, threat, attack) -> likelihood vs severity (metrics)

Risk treatment challenges in cyber defence

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- Dependence from supply chain
- Simultaneous attacks and cross-border impact
- Enhanced cybersecurity control requirements
- Real time detection and reaction
- Crisis management

✓ Controls of (ICT) products & services, supplier contracts
✓ Knowledge & information sharing
✓ Cybersecurity maturity development
✓ Exploiting artificial intelligence
✓ Planning & testing (exercises)

NCCS implementation - as a regulatory risk treatment exercise

ENTSO-E & DSO Entity deliverables

Provisional ECII

Entity types, Asset types, Grouping criteria

Provisional union-wide processes

Risk assessment methodologies

Cyber-attack classification scale

Standards and controls

Dec | Jan | Feb | Mar | Apr | May | Jun

13 Dec deadline to designate NCCS Competent Authorities

13 Feb deadline for provisional lists of HI and CI entities

Notify the entities by 13 March

Preparation
- Definition of the entity types and IT/OT asset types,
- Develop possible grouping criteria
- Consultations

Information and data request

Information processing & Identification

Notification

Consultation with CER & NIS2 NCAs

Information sharing and tools for registration to information platforms

NCCS NCA outcomes

Cooperation with CER & NIS2 NCAs, NCCS international bodies

Information sharing: general and methodological briefings, up-to-date cybersecurity news, detailed e-learning materials necessary to comply with the legal obligations and access to threat sharing platform

NCCS implementation: Preparation

Taking into account:

- Provisional **ECII indicators and the thresholds**
- The **Union-wide high impact and critical impact processes** published by ENTSO-E
  - roles in the implementation of the processes -> **entity types**
  - **list of assets** necessary to implement the processes per entity types
- **Information requests** from all entities (per entity types)
  - **volume indicator** (max. load/capacity/trade/etc. of last year)
  - **power of disposal** (control) over the listed assets
  - **ICT service providers** relevant to IT/OT assets
  - **connections** to external data or communication networks or systems
- **Providing information** to entities about
  - the identification process,
  - the relevant legislative environment,
  - the data requests, and
  - the obligations and opportunities of being identified.

NCCS implementation: Grouping

- The competent authority may identify additional entities as high-impact or critical-impact entities if the following criteria are met:
  a) the **entity is part of a group** of entities for which there is a significant risk that they will be **affected simultaneously by a cyber-attack**;
  b) the **ECII aggregated over the group** of entities is above the high-impact or critical-impact threshold.
- The **significant risk of a simultaneous cyber-attack** exists (not exclusively)

  when the assets at the disposal of the members of the group are **connected to the same network or system** for the purpose of exchanging data or communication.

  [E.g. connections to a network or system of a company group, a TSO, a DSO, a NEMO, an ICT service provider, etc.]

NCCS implementation: Identification process

- **Information collection** and processing, setting **grouping criteria**
- **Decision**
  - Calculated **ECII value** is over the provisional high impact and critical impact tresholds
  - Disposal over any **asset** necessary to implement a union-wide process
- Establishing the **provisional list** of high impact and critical impact entities
- **Notify** the decision on identification to the relevant entity within 30 days
- **Consulting** with the competent authorities under the CER and NIS2 Directives on the designation status
- Providing access to **information sharing platforms**

  provision of general and methodological briefings, up-to-date cybersecurity news, detailed e-learning materials necessary to comply with the legal obligations and access to threat sharing platform

NCCS implementation: Information sharing

- Provision of general and methodological briefings, up-to-date cybersecurity news, detailed e-learning materials necessary to comply with the legal obligations and access to threat sharing platform.
- **Information Sharing and Analysis Center (ISAC)**
  - Central resource for gathering **information on cyber threats** (in many cases to critical infrastructure)
  - **Two-way sharing of information** between the private and the public sector about root causes, incidents and threats, as well as sharing experience, knowledge and analysis.
  - **Models:** Country focused; Sector specific; International
  - **Capabilities:** Information sharing; Analysis; Trust building; Capacity building

Source: Information Sharing and Analysis Center (ISACs) - Cooperative Models, ENISA, 2018

ISAC: Types of information to be shared 1.

- **Incidents** - details of attempted and successful attacks
  - that may include a description of information lost, techniques used, intent, and impact.
  - The severity of an incident could range from a successfully blocked attack to a serious national security situation.
- **Threats** - yet-to-be-understood issues
  - with potentially serious implications; indicators of compromise, such as malicious files, stolen email addresses, impacted IP addresses, or malware samples; or information about threat actors.
  - Threat information can help operators detect or deter incidents, learn from attacks, and create solutions that can better protect their own systems and those of others.
- **Vulnerabilities** - in software, hardware, or business processes that can be exploited for malicious purposes
- **Mitigations** - methods for remedying vulnerabilities, containing or blocking threats, and responding to and recovering from incidents

Source: Information Sharing and Analysis Center (ISACs) - Cooperative Models, ENISA, 2018

ISAC: Types of information to be shared 2.

- **Situational awareness** - information that enables decision-makers to respond to an incident
  - and that may require real-time telemetry of exploited vulnerabilities, active threats, and attacks.
  - It could also contain information about the targets of attacks and the state of critical public or private networks.
- **Best practices** - information related to how software and services are developed and delivered
  - such as security controls, development and incident response practices, and software patching or effectiveness metrics;
- **Strategic analysis** - gathering, distilling, and analyzing many types of information to build metrics, trends, and projections.
  - It is often blended with projections of potential scenarios to prepare government or private sector decision-makers for future risks.

Source: Information Sharing and Analysis Center (ISACs) - Cooperative Models, ENISA, 2018

ISAC: Private and public sector motivations

PRIVATE SECTOR REASONS TO PARTICIPATE IN AN ISAC	PUBLIC SECTOR REASONS TO PARTICIPATE IN AN ISAC
Sharing knowledge about incidents and cybersecurity It helps raise the level of cybersecurity in the organization which is a member of an ISAC and prevent/ respond to the incidents which occur.	**Knowledge of security level in critical sectors** Being a member of an ISAC gives the public sector access to knowledge about the cybersecurity level in critical sectors. It also provides information about threats and incidents. This is helpful as it enables them to better fulfil their legal tasks.
"Be part of the group" "Peer pressure" Entities want to take part in an ISAC because it enables them to confront their ideas and experience with other organizations and learn from the best practices.	**Opportunity to establish a single coordination point** Being a member of an ISAC gives the public sector an opportunity to create a single coordination point, which has been proven to be very beneficial in the case of large-scale incidents. This enables them to better fulfil their legal tasks.
Access to knowledge and experience For an organization which is not so sophisticated in the field of cybersecurity, an ISAC is a fast and efficient way to get all the knowledge and experience which normally takes a lot of time	**Better understanding the needs of private sector** Thanks to close cooperation with the industry, public entities get better understanding of the private sector which has proven useful during setting up of new legislation and cybersecurity strategy. This enables them to better fulfil their legal tasks.
Networking Being a member of an ISAC is a good way of networking and meeting people from different organizations. In the presence of an incident and need to gather information, there is always a know-how way to network with the respective team.	

Source: Information Sharing and Analysis Center (ISACs) - Cooperative Models, ENISA, 2018

Information Sharing in Network of Trust

Operators	14
Solution Providers	9
Academia	6
Governmental - NFP	7
Research	1

MEMBERS #37

Information Sharing in Network of Trust

MoU Partners (12)

Cynergy ISAC

EASE Energy Analytic Security Exchange

E.DSO

E-ISAC ELECTRICITY INFORMATION SHARING AND ANALYSIS CENTER

ENCS

DOOO ENTITY DSOs FOR EUROPE

EUROCONTROL

EUTC

FS-ISAC

JE-ISAC

kraftCERT

OT-ISAC OPERATIONAL TECHNOLOGY INFORMATION SHARING AND ANALYSIS CENTER

Institutions (2)

European Commission

European Parliament

MOU in process (2)

IT ISAC

KEPCO

Collaboration: #12 Partners & EU Institutions

TLP GREEN

MISP and TASK FORCES

Malware Information Sharing Platform (MISP)

MISP is a threat intelligence platform for sharing, storing and correlating Indicators of Compromise of targeted attack, threat intelligence, financial fraud information, vulnerability information or even counter-terrorism information.

Info sharing platforms & Threat Inteligence

Forescout elaborates a monthly report that summarizes the main vulnerabilities, incidents and malwares detected, along with some statistics related to the MISP platform. Any organization can send relevant cyber threats/attacks to collect on the report.

Threat Landscape

The EE-ISAC, in collaboration with ENISA's team, is working on the establishment of a threat modelling standard to be disseminated among Members as the guidelines and best practices of threat intelligence and incident management.

Advocacy

Acts to solidify EE-ISAC as the unified voice for cybersecurity in the European energy industry by monitoring EU policy developments, EU funding opportunities and engaging with European institutions.

Communications

In charge of coordinating the marketing initiatives of the Association, specifically the ones related to promotional activities, webinars, events and the EE-ISAC presence in international and European conferences on cybersecurity and digitalization.

Physical Security

Composed by 16 representatives of the EE-ISAC members, this task force supports utilities in enhancing physical security capabilities and ensuring compliance by sharing international best practices and use cases from the energy and other critical sectors.

Assessment of the effectiveness of cybersecurity investments (NCCS Benchmarking)

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Practical approach	keeping the assessment workload manageable for the entities and the regulators
Quantitative performance indicators	If they are too detailed, then will go beyond what most entities would be able to furnish within the timeframes (e.g. 3 years)
Qualitative self-assessment questionnaires	could be based on existing 'cybersecurity maturity' self-evaluation tools or questionnaires (e.g. C2M2, ENISA's cybersecurity maturity self-assessment tool for SMEs, etc.)

Simple 'maturity-type' questions based on

- the cost items (should be identical in general ledger data);
- the costs of these items reported by entities;
- the transformation of the legislative assessment criteria to specific questions; and
- the comparability of the cybersecurity costs and functions

NCCS Art. 13(2) NRAs assess whether **current investments** in cybersecurity:

(a) **mitigate risks** having an impact on cross-border electricity flows;

(b) **provide the desired results and engender efficiency gains** for the development of the electricity systems; and

(c) are **efficient and integrated into the overall procurement** of assets and services.

ACER
European Union Agency for the Cooperation of Energy Regulators

enisa

Comparability of cybersecurity costs and functions (NCCS Benchmarking)

Comparability of costs

Should be based on cost items, asset types and entity types (normalisation)

Comparability of functions

Comparability of functions by reference to types of mitigations, e.g.:
MITRE ATT&CK® ICS Mitigations;
MITRE D3FEND™ cybersecurity countermeasures;
ISO/IEC 27002:2022 operational capabilities (merged):

- **Governance, including risk management activities, assurance (e.g. audit), legal and compliance**
- **Asset management, secure configuration, threat and vulnerability management**
- **Information protection, system and network security and application security**
- **Physical security**
- **Human resource security (screening policy)**
- **Identity and access management**
- **Information security event management**
- **Continuity**
- **Supplier relationships security**

Based on ISO/IEC 27002:2022

NCCS Art. 13(3) NRAs assess in particular

(c) Comparability of costs and functions of CS services, systems and solutions

NCCS Art. 13(2) NRAs assess whether **current investments** in cybersecurity:

(a) **mitigate risks** having an impact on cross-border electricity flows;

(b) provide the **desired results and engender efficiency gains** for the development of the electricity systems; and

(c) are **efficient and integrated into the overall procurement** of assets and services.

Identifying possible measures necessary to foster efficiency in cybersecurity spending

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Cybersecurity Maturity Assessment (Supporting methodology)

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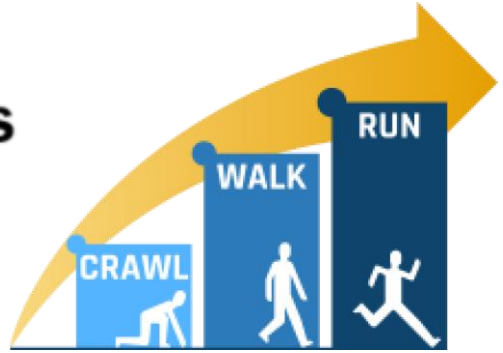
C2M2
Cybersecurity Capability Maturity Model

The C2M2 is a free tool to help organizations evaluate their cybersecurity capabilities and optimize their security investments.



- Designed **for any organization** regardless of ownership, structure, size, or industry
- Uses a set of 350+ **industry-vetted cybersecurity practices** focused on both information technology (IT) and operations technology (OT) assets and environments
- Results help users **prioritize cybersecurity investment decisions** based on their risk
- Developed in 2012 and maintained through an **extensive public-private partnership** between the U.S. Department of Energy's Office of Cybersecurity, Energy Security, and Emergency Response and numerous government, industry, and academic organizations
- Recent **updates in 2022** reflect new technologies, threats, and practices

https://www.energy.gov/ceser/cybersecurity-capability-maturity-model-c2m2

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C2M2 Domains (Supervision areas)

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Asset, Change, and Configuration Management (ASSET)

Threat and Vulnerability Management (THREAT)

Risk Management (RISK)

Identity and Access Management (ACCESS)

Situational Awareness (SITUATION)

Event and Incident Response, Continuity of Operations (RESPONSE)

Third-Party Risk Management (THIRD-PARTIES)

Workforce Management (WORKFORCE)

Cybersecurity Architecture (ARCHITECTURE)

Cybersecurity Program Management (PROGRAM)

https://www.energy.gov/ceser/cybersecurity-capability-maturity-model-c2m2

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Targeting Maturity Indicator Levels (MILs)
Decision based on costs, benefits and obligations

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Level	Name	Description
MIL1	Initiated	• Initial practices are performed, but may be ad hoc
MIL2	Performed	• Practices are documented • Adequate resources are provided to support domain activities • Practices are more complete or advanced than at MIL1
MIL3	Managed	• Activities are guided by policy (or other directives) • Personnel have the skills and knowledge needed to perform their assigned responsibilities • Responsibility, accountability, and authority for practices are clearly assigned to personnel with adequate skills and knowledge • The effectiveness of activities in the domain is evaluated and tracked • Practices are more complete or advanced than at MIL2

https://www.energy.gov/ceser/cybersecurity-capability-maturity-model-c2m2

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MITRE D3FEND™ (Support)

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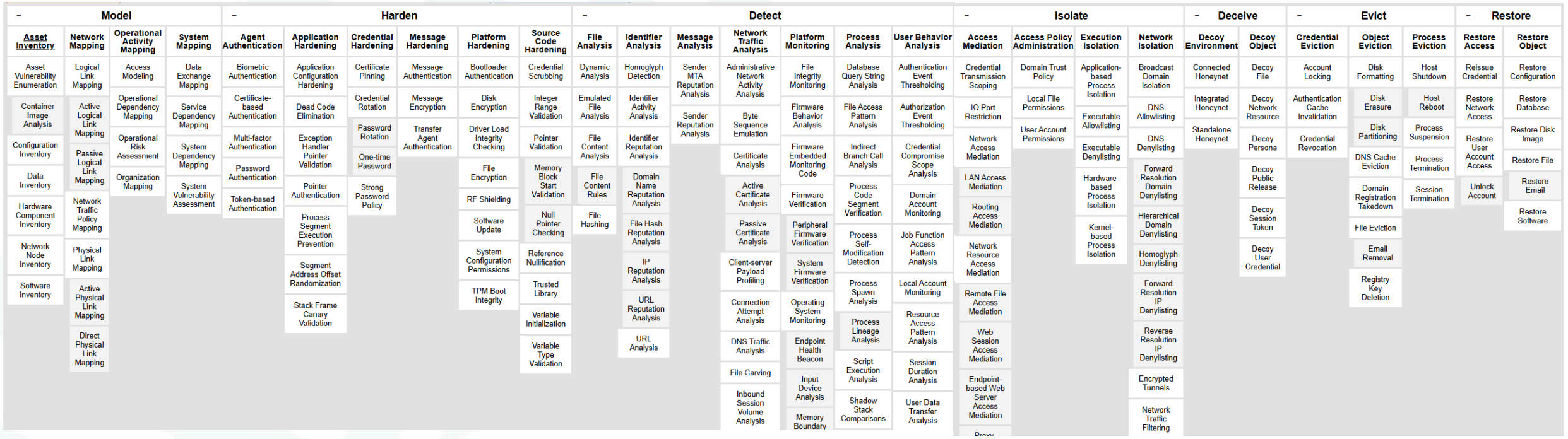
Knowledge Graph and website of cybersecurity countermeasures



https://d3fend.mitre.org/

Thank you for your attention!

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