

Business Survival Newsletter™

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BUSINESS SURVIVAL™:
A BUSINESS CONTINUITY NEWSLETTER FOR DECISION MAKERS
FROM ROTHSTEIN ASSOCIATES INC.

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FAVORITE QUOTE

Some sage advice from George Carlin for those of you embroiled in developing and implementing your BC plans:

Don't sweat the petty things and don't pet the sweaty things.

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STUDY PREDICTS WORSENING POWER RELIABILITY

Utilities Have Not Made Necessary Upgrades to Prevent Further Power-Grid Degradation by ComputerSite Engineering, Inc.

Power outages and fluctuations that occurred in some areas of the United States last summer are a disturbing indicator of declining electric-supply reliability. According to a U.S. Department of Energy (DOE) study released in January 2000, electric-utility deregulation has resulted in a significant degradation in North America's electricity-supply system reliability during peak usage periods. The study focuses on eight "power reliability events" (both power outages and severe voltage fluctuations) that occurred primarily in the Northeast and also in Chicago and in south-central states during the summer of 1999.

Results of the DOE study suggest that such problems may worsen this summer because utilities have not made necessary upgrades to prevent power grids from breaking down. Without mandated guidance from regulators, electric-system operators are finding it increasingly difficult

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to provide acceptable levels of reliability during periods of high demand and also compete in a deregulated marketplace. Deregulation has focused on trading electricity and has largely overlooked the need for grid reserves that provide a public- reliability benefit but don't provide income to their owners.

Additional concerns needing to be addressed include aging components, timely and accurate maintenance, the disappearance of the industrial capacity required to build/repair major electrical components when they fail, and increasingly inadequate manual dispatching mechanisms for quickly redirecting the flow of power.

The electricity grids that serve the U.S. and Canada continue to use relatively small regional interconnections that rely on voluntary controls to back up utility system during periods of peak use. With electric utilities joining the competitive market, long-established arrangements that have provided reliable electricity in the past are now being challenged. If one part of the regional interconnection grid experiences major disturbances, the effect is likely to spread throughout that interconnection and can also ripple into adjacent regional systems.

Reserves are declining

In a regulated environment, all customers pay for the inefficiency of spinning reserve, which is the portion of system generation capacity that is running or "spinning" but not generating power that can be sold to defray the cost of equipment operation. In the event of a fault or heavy surge in demand, this idling capacity can be brought on line simply by applying more fuel. The instantaneous ability to convert spinning reserve to generation helps stabilize system performance and is an important predictor of supply-system reliability. Only thirty years ago, spinning reserves in the range of 25% to 30% were not uncommon.

In a deregulated environment, spinning reserves that do not produce electricity are considered a luxury and a loss of revenue. And so are operating reserves, which are defined as standby generation capacity that can be brought on line within 15 minutes. Unless government regulations require a minimal percentage of reserve, operators will be motivated to run systems as close to maximum capacity as possible, with no spinning or operating reserve.

In this growing economy, the demand for reliable electricity is also increasing. And while the electric-utility industry is now undergoing the transition to a competitive marketplace, the regulations and operating standards needed to maintain an acceptable level of system reliability have not yet been established.

The full DOE report, Interim Report of the U.S. Department of Energy's Power Outage Study Team, is available at <http://tis.eh.doe.gov/post>.

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THESE ARE A FEW OF MY FAVORITE LISTS...

When the boss barks, when the carpal tunnel syndrome stings, when I m feeling caffeine-lag... A number of discussion lists and groups feed my information cravings. After all, caffeine only goes so far if you re an information junkie. Here s a sampling of my favorite lists and discussion groups, all of which are free:

IAEM

International Association of Emergency Managers
www.iaem.com

UK-BCP

send an email to: UK-BCP-Subscribe@egroups.com, or go to www.egroups.com, forum UK-BCP.

C-ISACA-L

Information Systems Audit and Control Association

To subscribe to CISACA-L, send subscribe requests to listserv@vm.cc.purdue.edu with a message body containing one line - "subscribe cisaca-l <your name>" (without quotes).

DISASTERCENTER.COM

To subscribe or unsubscribe to this list send an e-mail to: disastercom-request@disastercenter.com with the word subscribe only, in the body of the message. Their web site can feed my info cravings for weeks.

BCP FORUM

www.egroups.com, forum BCPFORUM.

ACT NOW

Emergency Information Infrastructure Partnership
www.emforum.org/

DISASTER RESEARCH

Natural Hazards Center at the University of Colorado

To SUBSCRIBE: Send this one-line command in the body of your e-mail message to listproc@lists.colorado.edu (don't include <>): SUBSCRIBE HAZARDS <Your Name>. An excellent snailmail newsletter, NATURAL HAZARDS OBSERVER, is also available free. This is one of my all-time favorites.

CONTINUITYPLANNER E-ZINE

Disaster Recovery Information Exchange, South Western Ontario Chapter
<http://www.ContinuityPlanner.com>

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ON A LIGHTER NOTE...

This from WIRED Magazine - Jargon Watch:

Barcode Comb-Over - Covering a bald spot with wisps of hair so that the result resembles a barcode.

Meetling - An employee who seems to do little else but call for and attend meetings.

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RECOMMENDED READING

Emergency Exercise Handbook: Evaluate & Integrate Your Company's Plan, by Tracy Knippenburg Gillis

"Every company with reportable hazardous materials is required to have an emergency plan validated by exercise. This comprehensive handbook provides instructions and guidance on how to design, develop, implement, and evaluate emergency response drills and/or exercises. Emergency Exercise Handbook presents various types of drills and exercises, which type of drill or exercise best meets which requirements, the purpose of developing sound objectives, and the steps needed to coordinate between various departments and organizations to effectively implement the drill/exercise. (1996, 171 pages. Order #DR479, \$72.00).
SPECIAL OFFER TO NEWSLETTER SUBSCRIBERS: Order DISASTER RECOVERY TESTING: EXERCISING YOUR CONTINGENCY PLAN (#DR998, \$65.00) together with this book, and deduct \$25.00 - mention this promotion.

BCM FRAMEWORK™ CD: the Easy-to-use, Comprehensive, CD-ROM-based Business Continuity Tool By Kingswell International, Ltd.

BCM FRAMEWORK™ is comprised of a number of easily tailored modules that are hand picked as the most relevant to your own situation, culture, organization, equipment platform and infrastructure. It contains Model Business Recovery Action Plans for key corporate functions with Organization Schematics and role descriptions, with some vital - and often forgotten - actions included. (2000, Order #DR475, \$595.00)

SPECIAL OFFER TO NEWSLETTER SUBSCRIBERS: receive the landmark new book, BUSINESS CONTINUITY: BEST PRACTICES by Andrew Hiles (regularly \$169.00) for HALF PRICE when purchased together with BCM FRAMEWORK - Only \$679 for BOTH.

You'd Better Have a Hose If You Want to Put out the Fire: the Complete Guide to Crisis Communications by Rene A. Henry

"... Henry sorts out the right and wrong ways to respond to incidents. Actual events are provided to help the reader understand the situation and how it could have been handled differently or how it was handled correctly... A crisis can arise at any time, and this book is an excellent tool to use towards the best possible outcome." - Athletics Administration, the official magazine of the National Association of College Directors of Athletics. (2000, 308 pages. Order #DR465, \$25.00).

Risk Analysis and the Security Survey (2nd Edition) by James F Broder CFE, CPP, BCFE
"...it provides the reader with a thorough understanding of the vital subjects of risk analysis and the art/science of conducting and producing effective, results-oriented security surveys. It is written to meet the needs of security professionals from student to master. Broder and his contributing authors have addressed today's changes while retaining the spirit, quality, and fundamental principles described in the first edition. As we evolve into an information based society, the principles and advice in this book will serve the reader well, particularly when dealing with the increasing demands of asset protection, information protection, high technology issues, terrorism, and unknown risks - SECURITY MANAGEMENT Magazine. (2000, 360pages. Order #DR467, \$43.50).

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