



National Electrical Manufacturers Association

April 26, 2019

The Honorable Floyd Prozanski
Chair of the Senate Judiciary Committee
Oregon State Capitol
900 Court St. NE
Salem, Oregon 97301

Re: NEMA Supports with Amendments House Bill 2395

Dear Senator Prozanski and members of the Committee:

I write on behalf of the National Electrical Manufacturers Association (NEMA); which represents companies in the electroindustry making a broad range of electrical products from energy management systems, to lighting controls, and electric motors to name a few. In the state of Oregon, 12 of our member companies maintain 21 facilities employing about 1,000 people.

NEMA supports Oregon's intention to create a more cyber-secure environment for its residents; however, there are a few points in HB 2395 that must be addressed to achieve that goal. The definition of reasonable security feature must effectively cover all products in the scope of the bill; manufacturers need to be given appropriate lead time for products to meet compliance, and all connected devices brought into the state should be required to meet the same standards.

First, the definition of reasonable security feature does not fully realize the scope of products that will be included under this bill. Products manufactured by the electroindustry are subject to a number of different requirements, from safety mandates to energy efficiency standards. These conditions are clear, concise, and consider input from industry throughout the development process. Consensus standards are one effective way to ensure a product's safety; they are created through a rigorous process that incorporates input from experts and other stakeholders and can be updated as technology changes. We recommend compliance with a consensus standard be added as a reasonable security feature with which a manufacturer can equip a device.

Additionally, it appears that the first check of non-compliance with HB 2395, should it be enacted, is litigation from the Attorney General. Manufacturers would greatly appreciate guidance from the Attorney General on compliance; the inclusion of consensus standards in the bill could provide a framework for this. As the bill is written it seems that enforcement from the Attorney General will only take place after a product is in the state, likely after the product is already in use. This is all after the fact, the inclusion of consensus standards in HB 2395 will aid in proactive measures being taken by manufacturers to protect connected devices. Standards provide guidelines to manufacturers, and listing compliance with a standard signals to purchasers which products meet cybersecurity requirements.

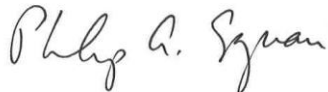
Second, it is unclear when the act will take effect. Our members are global companies that make thousands of products through complex supply chains and design processes. Should manufacturers need to change a product in order to meet Oregon's security requirements, a substantial amount of lead time is needed to assure there is not significant disruption in product availability. We request the effective date be no sooner than January 1, 2022.

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Finally, the bill includes a significant loophole that could allow vulnerable connected devices into the State. Under the definition of manufacturer it specifies a person that makes and sells the connected device. With this definition a contract manufacturer or an importer would not need to meet the security standards set out in HB 2395. This leaves a huge gap in cybersecurity and the definition of manufacturer should be amended to include all entities bringing connected devices into the State. It can create a fairness issue and undermine the goal of HB 2395 to protect Oregon's consumers. As technology is moving to systems, it is crucial that all devices linked together on the same system have quality cybersecurity safe guards.

For these reasons, we recommend amending HB 2395. For further discussion, clarifications or questions, please contact my colleague, Madeleine Bugel at Madeleine.Bugel@nema.org or 703-841-3222.

Sincerely,



Philip Squair
Vice President of Government Relations
National Electrical Manufacturers Association (NEMA)

NEMA represents 325 electrical equipment and medical imaging manufacturers that make safe, reliable, and efficient products and systems. Our combined industries account for 360,000 American jobs in more than 7,000 facilities covering every state. Our industry produces \$106 billion shipments of electrical equipment and medical imaging technologies per year with \$36 billion exports.