



Memo

TO: Michael Walker, Senior Vice President, Chief Financial and Administrative Officer
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FROM: Anita Decker, Northwest Public Power Association

DATE: July 7, 2014

SUBJECT: Comments on the First Draft of the NERC 2015 Business Plan and Budget

General Comments

The Northwest Public Power Association (NWPPA), on behalf of our almost 150 public utility district, municipal, and cooperative utility members, appreciate the opportunity to respond to the May 16, 2014 posting for comment of the first draft of the NERC 2015 Business Plan and Budget.

NWPPA believes that NERC has made significant progress managing their costs, thereby limiting budget increases and the resulting assessments that must be paid by load-serving entities. However, the WECC region is more challenging for 2015, with large increases due to reserve use in previous years and the Southwest Outage response. While no action is required for the 2015 budget year, we encourage NERC to consider developing a policy and accounting methods to normalize the impact of extraordinary revenue and expense items that exceed predetermined threshold criteria. In particular, penalty revenues received in a particular year may have an outsized impact on NERC and Regional Entity assessments, by reducing assessments in one year, only to have such assessments balloon upward in the next year as those credits disappear and expenses increase. Spreading such revenues over a multi-year period may make more sense for load-serving entity budgeting purposes and provide better transparency at the RE level.

Risk-Based Registration

NWPPA strongly support NERC's Risk-Based Registration Program. This is critically important to many of NWPPA's smaller members and aligns NERC resources and focus on real risks to the bulk electric system. Risk-based registration will free up NERC resources to focus on more material risks to reliability, while reducing regulatory burdens on entities that have limited impacts on the BES. We support NERC's identification of Risk-Based Registration as a key initiative and priority for the ERO Enterprise.

Electricity Sector Information Sharing

NWPPA supports the efforts of NERC exploring the various options to share sensitive information with the utility industry. NWPPA also supports NERC as the focal point for the collection and sharing of this sensitive data with the utility community. While we are supportive of the concept, these types of efforts can easily become expansive and expensive. NERC needs to evaluate each approach for reasonableness and cost effectiveness, as ultimately the costs will be borne by the utilities in the respective Regions.

Thank you for the opportunity to provide these comments on the draft 2015 NERC Business Plan and Budget.