



NERC 2016 Draft Business Plan and Budget

Initial Comments of the Edison Electric Institute

On behalf of our member companies, the Edison Electric Institute (EEI) appreciates the opportunity to provide the following brief comments in general support for the proposed 2016 NERC budget. As a process and management matter, EEI supports the continuing improvement in the organization and descriptive explanations provided in supporting documents. In addition, EEI applauds the leadership of the Board of Trustees in guiding the improvements and to NERC management for its dedication and hard work.

EEI also appreciates that the budget documents and narrative have become more aligned with corporate strategic planning, and development of goals and objectives, and priorities, and that the documents describe specific measurable outcomes and tasks for achieving the goals and managing the specified risks within NERC. EEI recommends that NERC continue to sharpen the measurement of corresponding system reliability risks, balance potential resource needs for any a timely manner.

The budget narrative describes some very encouraging expectations and initial results for the compliance and enforcement program.¹ In particular, EEI applauds the brief status report for compliance exceptions and self-logging, where NERC envisions that calendar 2015 will show a dramatic increase in the use of compliance exceptions, and that already NERC has approved 19 entities to conduct self-logging for minimal risk matters. EEI has long envisioned that this strategic shift in emphasis would reduce the demands on companies' subject matter experts to participate in lengthy enforcement negotiation and settlement processes to address matters of minimal importance for reliability, and to allow

¹ NERC 2016 Business Plan and Budget, pp. 36-39.

them to focus their attention on their system planning and operations duties. In turn, it seems reasonable to anticipate continued reductions for NERC and regional staff dedicated to enforcement processes.

In light of the 2015 State of Reliability Report metrics that indicate only a very small proportion of enforcement matters as having potentially material impact on reliability,² EEI looks to continuing strong NERC leadership in aligning real reliability risks with the resources needed for this program area to efficiently manage those risks. In particular, EEI looks for important progress in managing the multi-regional registered entity area of compliance and enforcement, where these types of entities' experiences with the regions offer a critical metric for understanding consistent process applications.

EEI also applauds NERC in its proposed budget in acknowledging the success of bringing the standards development process and products very close to the goal of achieving a steady state.³ Three years ago, NERC leadership challenged stakeholders to address the broad range of process matters in this critical core program area and the project logjam. Stakeholders responded. The strong leadership and cooperation of the Standards Committee and NERC management deserve enormous credit for achieving the current state of affairs.

The third core NERC program area, reliability assessments, faces some significant challenges. EEI agrees with the characterizations made by NERC in the budget document, that the increasingly rapid rate of change for the resource supply mix requires a stronger and more sustained examination of both longer and short-term potential reliability consequences. EEI supports the five projects identified in the draft budget aimed at addressing the changing resource mix:

- essential reliability services, phase two report
- development of standardized models

² NERC State of Reliability 2015, p. 58.

³ NERC 2016 Business Plan and Budget., pp. 21-23.

- supporting revisions to IEEE 1547
- load compensation modeling analysis
- gas coordination guidelines.⁴

EI member company CEOs have shown particular interest in the essential reliability services issues.

As a final comment, EI supports the proposed NERC 2016 budget for several activities relating to the broad topic of resiliency. These activities include development of guidelines for operations and emergency coordination with gas suppliers and shippers, and working with industry in support of various spare equipment activities, including for example the EI Spare Transformer Equipment Program (STEP) and STEPConnect. Coordination of the various activities through the Electricity Sub-sector Coordinating Council and other stakeholder groups will continue to be very important.

⁴ Ibid. pp. 43-45.