

May 15, 2015

**Comments of Avista Corporation, Idaho Power Company, and
Portland General Electric Company on First Draft of the 2016 Business Plan and Budget
for the Western Electricity Coordinating Council**

On April 30, 2015, the Western Electricity Coordinating Council (“WECC”) posted its first draft of the 2016 business plan and budget (“Draft Budget”) for comment. Comments are due on or before May 15, 2015. Avista Corporation, Idaho Power Company, and Portland General Electric Company (together, “Commenting Parties”) respectfully submit these comments on the Draft Budget.

I. The Draft Budget Should Ensure that Only Activities Eligible for Statutory Funding Under Section 215 Are Included in WECC’s Statutory Programs.

The statutory scope in the Draft Budget should be revised to include only statutory Section 215 activities that may be delegated to a Regional Entity. Section 215 of the Federal Power Act authorizes the Federal Energy Regulatory Commission (“FERC”) to issue regulations authorizing NERC, as the Electric Reliability Organization (“ERO”), “to delegate authority to a regional entity *for the purpose of proposing reliability standards to the ERO and enforcing reliability standards under paragraph (1). . .*”¹ Consistent with Section 215, FERC’s regulations authorize NERC to “enter into an agreement to delegate authority to a Regional Entity *for the purpose of proposing Reliability Standards to the Electric Reliability Organization and enforcing Reliability Standards under [18 C.F.R.] § 39.7.*”² Section 215 also requires NERC to “conduct periodic assessments of the reliability and adequacy of the bulk-power system in North America.”³ Section 215 does not authorize NERC to delegate this function to Regional Entities.⁴

FERC has stated that “[a]ny funding that is approved and provided by the ERO to a Regional Entity *would be limited to a Regional Entity’s costs related to the delegated functions*”⁵ —i.e., “proposing reliability standards to the ERO and enforcing reliability standards under paragraph (1). . .”⁶ The Draft Budget appears to include both non-Section 215 activities, as well as Section 215 activities that are not delegable to a Regional Entity within WECC’s

¹ 16 U.S.C. § 824o(e)(4) (emphasis added).

² 18 C.F.R. § 39.8 (emphasis added).

³ 16 U.S.C. § 824o(g).

⁴ See 16 U.S.C. § 824o(e)(4); see also 16 U.S.C. § 824o(a)(7) (defining “regional entity”); 18 C.F.R. § 39.1 (same); *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, 114 FERC ¶ 61,104 at P 202 (2006) (“Order No. 672”) (“We find that section 215 of the FPA provides for federal authorization of funding limited to the development of Reliability Standards and their enforcement, and monitoring the reliability of the Bulk-Power System. However, the ERO or a Regional Entity is not precluded from pursuing other activities, funded from other sources.”), *order on reh’g*, 114 FERC ¶ 61,328 at P 61 (2006) (“Order No. 672-A”) (same).

⁵ Order No. 672 at P 229 (emphasis added); Order No. 672-A at P 61.

⁶ 16 U.S.C. § 824o(e)(4).

statutory scope. Specifically, the Draft Budget describes WECC's statutory and functional scope as follows:

WECC has been approved by the Federal Energy Regulatory Commission as a Regional Entity, with authority, pursuant to the WECC/NERC Delegation Agreement, to:

- Participate in the development of NERC Reliability Standards, or modifications thereof, and facilitate the development of regional standards or variances through WECC's Standards Development Process;
- Identify and register responsible entities with NERC and, as needed, certify such entities; Monitor and enforce compliance with approved Reliability Standards, in accordance with the NERC Rules of Procedure;
- Analyze and assess system events and disturbances;
- Assess the present and future reliability, adequacy, and security of the Western Interconnection;
- Provide effective training and education; and
- Maintain situation awareness, as part of its role in period assessments, and protection of critical infrastructure.⁷

The statutory and functional scope in the Draft Budget includes activities that do not qualify as 215 activities or 215 activities that cannot be delegated to a Regional Entity.⁸ For example, it is unclear how WECC's work relating to situational awareness and event analysis fits within the limited Regional Entity statutory scope of proposing and enforcing reliability standards. To be clear, Commenting Parties do not dispute the fact that WECC can properly take on work beyond its limited statutory scope, but any such non-statutory work must be funded outside of the Section 215 funding process.⁹

Moreover, some of the activities appear to be duplicative of activities performed by other entities, including Peak Reliability. For example, the Draft Budget describes WECC's Situation Awareness and Infrastructure Security Program as follows:

WECC's Situation Awareness and Infrastructure Security (SAIS) Program Area maintains near real time awareness about the conditions of the interconnected Bulk Electric System in the Western Interconnection and responds to events by providing coordination, assistance and communications with Peak Reliability, stakeholders, WECC management, and the NERC SAIS personnel.¹⁰

Similarly, Peak Reliability describes what it does as follows:

⁷ Draft Budget at 6-7

⁸ See 16 U.S.C. §§ 824o(e)(4), 824o(g).

⁹ See Order No. 672 at P 202.

¹⁰ Draft Budget at 28.

Peak Reliability's (Peak) two Reliability Coordination Offices (RCO) provide situational awareness and real-time monitoring of the Reliability Coordinator (RC) Area within the Western Interconnection.¹¹

Accordingly, it appears that there may be significant overlap between WECC's Situation Awareness and Infrastructure Security Program and the situational awareness and real-time monitoring performed by Peak Reliability. WECC should ensure that the Draft Budget includes only qualified and appropriately delegated 215 activities and excludes duplicative activities performed by other entities, including Peak Reliability.

II. WECC Should Include More Detail in the Draft Budget to Justify its Requested Funding.

FERC's regulations require that the budget filed at FERC by NERC include the entire annual budget for statutory and non-statutory activities of each Regional Entity (including WECC) and supporting materials including "each Regional Entity's *complete* business plan and organization chart, explaining the proposed collection of all dues, fees and charges and the proposed expenditures of funds collected in sufficient detail to justify the requested funding collection and budget expenditures. . . ."¹² Such budget also "shall include line item budgets for the activities of each Regional Entity that are delegated or assigned to each Regional Entity pursuant to [18 C.F.R.] § 39.8."¹³

The Draft Budget should include sufficient detail to (i) ensure that activities that are funded under Section 215 are within the scope of Section 215, (ii) ensure that costs are properly allocated between Section 215 activities and non-statutory functions, and (iii) ensure that funding levels are reasonable. The broad descriptions of WECC's purported statutory programs do not provide sufficient detail to ensure that those programs only include those Section 215 activities that may be lawfully delegated to WECC and funded under Section 215.¹⁴ Such detail should, at a minimum, include specific activities to be performed, the costs allocated to each specific activity, and, as required by FERC's regulations, a complete organizational chart detailing the WECC personnel assigned to perform each specific activity. The Draft Budget does not currently contain sufficient detail to justify WECC's requested funding under Section 215.¹⁵

III. Conclusion

Commenting Parties appreciate the opportunity to submit these comments on the Draft Budget. As discussed herein, the Draft Budget should ensure that only activities that are properly delegated to WECC under Section 215 are funded through statutory Section 215 funding. The Draft Budget is required to include sufficient detail to justify WECC's requested funding under Section 215. In addition, Commenting Parties assert that WECC should implement controls to ensure that the forecast and actual budget are within the scope of Section

¹¹ <https://www.peakrc.com/aboutus/Pages/default.aspx>.

¹² 18 C.F.R. § 39.4(b).

¹³ 18 C.F.R. § 39.4(b).

¹⁴ See 16 U.S.C. §§ 824o(e)(4).

¹⁵ See 18 C.F.R. § 39.4(b).

215. Accordingly, the Draft Budget should be revised to include the detail necessary for entities that are required to fund WECC's statutory activities to (i) ensure that activities that are funded under Section 215 are within the scope of Section 215, (ii) ensure that costs are properly allocated between Section 215 activities and non-statutory functions, and (iii) to ensure that funding levels are reasonable.

July 31, 2015

Via Email Only

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RE: Comments of Avista Corporation, Idaho Power Company, and Portland General Electric Company on Updated Draft of NERC's 2016 Business Plan and Budget, Final Regional Entity 2016 Business Plans and Budgets

On July, 15, 2015, the North American Electric Reliability Corporation (“NERC”) posted its updated draft of its 2016 Business Plan and Budget and the Final Regional Entity 2016 Business Plans and Budgets, including the 2016 Western Electricity Coordinating Council (“WECC”) Business Plan and Budget (“WECC Budget”), on its website for comment. Comments are due by July 31, 2015. Avista Corporation, Idaho Power Company, and Portland General Electric Company (“Commenting Parties”) respectfully submit these comments on the final WECC Budget.¹

I. The WECC Budget Should Ensure that Only Activities Eligible for Statutory Funding Under Section 215 Are Included in WECC's Statutory Programs.

Section 215 of the Federal Power Act authorizes the Federal Energy Regulatory Commission (“FERC”) to issue regulations authorizing NERC, as the ERO, “to delegate authority to a regional entity *for the purpose of proposing reliability standards to the ERO and enforcing reliability standards under paragraph (1). . .*”² Consistent with Section 215, FERC’s regulations authorize NERC to “enter into an agreement to delegate authority to a Regional Entity *for the purpose of proposing Reliability Standards to the Electric Reliability Organization and enforcing Reliability Standards under [18 C.F.R.] § 39.7.*”³ Section 215 also requires NERC to “conduct periodic assessments of the reliability and adequacy of the bulk-power system in North America.”⁴ Section 215 does not authorize NERC to delegate this function to Regional Entities.⁵

¹ On April 30, 2015, WECC posted its first draft of the 2016 business plan and budget (“Draft Budget”) for comment. On May 15, 2015, Avista Corporation, Idaho Power Company, and Portland General Electric Company submitted the Comments of Avista Corporation, Idaho Power Company, and Portland General Electric Company on First Draft of the 2016 Business Plan and Budget for the Western Electricity Coordinating Council (“Joint Comments”). The Joint Comments are incorporated herein and are attached hereto as Attachment A for convenience.

² 16 U.S.C. § 824o(e)(4) (emphasis added).

³ 18 C.F.R. § 39.8 (emphasis added).

⁴ 16 U.S.C. § 824o(g).

⁵ See 16 U.S.C. § 824o(e)(4); see also 16 U.S.C. § 824o(a)(7) (defining “regional entity”); 18 C.F.R. § 39.1 (same); *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, 114 FERC ¶ 61,104 at P 202 (2006) (“Order No. 672”) (“We find that section 215 of the FPA provides for federal authorization of funding limited to the development of

FERC has stated that “[a]ny funding that is approved and provided by the ERO to a Regional Entity *would be limited to a Regional Entity’s costs related to the delegated functions*”⁶ —i.e., “proposing reliability standards to the ERO and enforcing reliability standards under paragraph (1). . . .”⁷ Regional Entities, including WECC, are not precluded from performing other activities; however, any activities performed by Regional Entities that are beyond the two discrete functions that may be delegated under Section 215 must be funded from sources other than statutory Section 215 funding.⁸

WECC is a Regional Entity⁹ that is appropriately delegated authority to promulgate and enforce Reliability Standards.¹⁰ As discussed in the Joint Comments, the WECC Budget includes both non-Section 215 activities, as well as Section 215 activities that are not delegable to a Regional Entity within WECC’s statutory scope. For example, WECC engages in: (i) planning services,¹¹ (ii) transmission expansion planning,¹² and (iii) WREGIS.¹³ WECC’s planning services include, among other things, project coordination, path rating and progress report processes, which, according to WECC, are to address the following purposes:

Reliability Standards and their enforcement, and monitoring the reliability of the Bulk-Power System. However, the ERO or a Regional Entity is not precluded from pursuing other activities, funded from other sources.”), *order on reh’g*, 114 FERC ¶ 61,328 at P 61 (2006) (“Order No. 672-A”) (same).

⁵ See 16 U.S.C. § 824o(g).

⁶ Order No. 672 at P 229 (emphasis added); Order No. 672-A at P 61.

⁷ 16 U.S.C. § 824o(e)(4).

⁸ Order No. 672 at P 202 (stating: “. . . a Regional Entity is not precluded from pursuing other activities, funded from other sources.”).

⁹ 16 U.S.C. § 824o(a)(7) (defining “regional entity”); 18 C.F.R. § 39.1 (same).

¹⁰ See 16 U.S.C. § 824o(e)(4).

¹¹ WECC describes its planning services as follows:

WECC's Planning Services produce and distribute credible data, information, and analysis that are essential to the reliable planning and operation of the Bulk Electric System in the Western Interconnection. This planning data and information is used by WECC members in their own reliability and planning studies. The integration of WECC's Interconnection-wide view and individual member planning efforts enhances WECC's overall ability to participate in and respond to the major planning issues emerging both in the Western Interconnection and nationally.

<https://www.wecc.biz/PlanningServices/Pages/Default.aspx> (last accessed on July 15, 2015).

¹² WECC describes its transmission expansion planning activities as follows:

Transmission Expansion Planning connects policy, environmental and technology drivers with infrastructure decisions to help assure a future transmission system that is robust, reliable and efficient in the 10- and 20-year horizon. Interconnection-wide transmission plans shine a light on potential reliability issues and suggest where actions by others should be focused.

<https://www.wecc.biz/TransmissionExpansionPlanning/Pages/Default.aspx> (last accessed on July 15, 2015).

¹³ WREGIS is the Western Renewable Energy Generation Information System.

<https://www.wecc.biz/WREGIS/Pages/Default.aspx> (last accessed on July 15, 2015).

1. Provide procedures for WECC members and others to report on planned projects and to work together to expand the Western Interconnection's capacity according to member and stakeholder needs.
2. Provide an opportunity to recognize regional transmission planning conducted by the Transmission Expansion Planning Policy Committee (TEPPC) and others.
3. Provide project sponsors with an industry-agreed upon procedure that, when completed, could potential [sic] be used to help demonstrate that coordinated planning has been performed for proposed projects, as may be required to obtain required regulatory approvals.
4. Provide the policies and procedures for notification and reliability assessment requirements related to projects planned within the Western Interconnection.
5. Provide agreed upon methods applicable to the rating of transmission facilities.
6. Promote the reliable and coordinated integration of existing and new projects so that the use of the system is maximized for all participants.¹⁴

As evidenced by WECC's own descriptions of these programs, these programs, and likely other WECC programs,¹⁵ are neither Section 215 functions nor activities that are necessary or appropriate¹⁶ to further WECC's performance of any Section 215 function.¹⁷ Generally speaking, these programs are traditional planning and operations-based WECC programs that predate the Energy Policy Act of 2005 and, therefore, predate Section 215. Nevertheless, each of these programs, except WREGIS, is treated as a statutory Section 215 function and funded through statutory Section 215 funding. The only program that WECC claims is not a statutory program is WREGIS.¹⁸

The WECC Budget includes, within its statutory programs to be funded through statutory Section 215 funding, activities that are not properly funded under Section 215 of the Act. WECC should demonstrate that all of its activities that are to be funded through statutory Section 215 funding are activities that may be delegated to Regional Entities under Section 215 of the Act. The WECC Budget should be revised to include within its statutory programs, which are to

¹⁴ <https://www.wecc.biz/PlanningServices/Pages/ProjectCoordinationAndPathRatingProcess.aspx> (last accessed on July 15, 2015).

¹⁵ Other such WECC programs include WECC's recent work regarding EPA's Clean Power Plan. As evidenced by the goals of the Phase I—Preliminary Technical Report, this work is not a Section 215 activity. Available at [https://www.wecc.biz/_layouts/15/WopiFrame.aspx?sourcedoc=/Reliability/140912_EPA-111\(d\)_PhaseI_Tech-Final.pdf&action=default&DefaultItemOpen=1](https://www.wecc.biz/_layouts/15/WopiFrame.aspx?sourcedoc=/Reliability/140912_EPA-111(d)_PhaseI_Tech-Final.pdf&action=default&DefaultItemOpen=1) However, WECC funded this activity through Section 215 funding.

¹⁶ FERC has interpreted Section 215 of the Act to include those activities that are necessary or appropriate and that are done in furtherance of the functions specified in the Section 215. *Order on Compliance*, 143 FERC ¶ 61,052, P 31 (2013). The inclusion of such "necessary or appropriate" activities within the scope of Section 215 was not intended to be a broad grant of authority. Rather, the Commission intended this language to narrow the scope to provide clear guidance to allow "the Commission, NERC and the industry to readily identify what should be funded under FPA section 215 and what activities should not." *Id.*

¹⁷ To be clear, Commenters do not oppose WECC performing these activities; however, such activities are not Section 215 functions and, therefore, should not be funded through statutory Section 215 allocations. As recognized by the Commission, any such non-statutory work must be funded outside of the Section 215 funding process. *Order No. 672* at P 202.

¹⁸ *See, e.g.,* WECC Budget at pp 55-56 (discussing WECC's non-statutory activities, which are limited to WREGIS)

be funded through statutory Section 215 funding, only those activities that may be delegated to Regional Entities under Section 215 of the Act.

II. WECC Should Include More Detail in the WECC Budget to Justify its Requested Funding.

FERC's regulations require that the budget filed at FERC by NERC include the entire annual budget for statutory and non-statutory activities of each Regional Entity (including WECC) and supporting materials including "each Regional Entity's *complete* business plan and organization chart, explaining the proposed collection of all dues, fees and charges and the proposed expenditures of funds collected in sufficient detail to justify the requested funding collection and budget expenditures. . . ." ¹⁹ Such budget also "shall include line item budgets for the activities of each Regional Entity that are delegated or assigned to each Regional Entity pursuant to [18 C.F.R.] § 39.8." ²⁰

As discussed in the Joint Comments, the WECC Budget should include sufficient detail to (i) ensure that activities that are funded under Section 215 are within the scope of Section 215, (ii) ensure that costs are properly allocated between Section 215 activities and non-statutory functions, and (iii) ensure that funding levels are reasonable. The broad descriptions of WECC's purported statutory programs do not provide sufficient detail to ensure that those programs only include those Section 215 activities that may be lawfully delegated to WECC and funded under Section 215. ²¹ Such detail should, at a minimum, include specific activities to be performed, the costs allocated to each specific activity, and, as required by FERC's regulations, a complete organizational chart detailing the WECC personnel assigned to perform each specific activity. The WECC Budget does not currently contain sufficient detail to justify WECC's requested funding under Section 215. ²²

III. Conclusion

Commenting Parties appreciate the opportunity to submit these comments on the WECC Budget. As discussed herein, the WECC Budget should ensure that only activities that are properly delegated to WECC under Section 215 are funded through statutory Section 215 funding. The WECC Budget is required to include sufficient detail to justify WECC's requested funding under Section 215. In addition, Commenting Parties assert that WECC should implement controls to ensure that the forecast and actual budget are within the scope of Section 215. Accordingly, the WECC Budget should be revised to include the detail necessary for entities that are required to fund WECC's statutory activities to (i) ensure that activities that are funded under Section 215 are within the scope of Section 215, (ii) ensure that costs are properly allocated between Section 215 activities and non-statutory functions, and (iii) to ensure that funding levels are reasonable.

¹⁹ 18 C.F.R. § 39.4(b).

²⁰ 18 C.F.R. § 39.4(b).

²¹ See 16 U.S.C. §§ 824o(e)(4).

²² See 18 C.F.R. § 39.4(b).

WECC would like to thank its stakeholders for their supportive and thoughtful comments on the draft 2016 Business Plan and Budget. All comments received have been taken into consideration and incorporated, as appropriate, into the Business Plan and Budget document that will be presented to the Board for approval in June. Some of these comments are likely to have broad interest among the membership; therefore, we have provided a general response to the major common themes. WECC received nine sets of comments (including those provided by the Member Advisory Committee) that we have grouped into the following categories to facilitate a response:

- Duplication of activities
 - WECC vs Peak
 - FERC Order 1000
- Section 215 funding and scope of activities
- Alignment of corporate priorities, reliability challenges, and standing committees' work plans
- Appropriate resourcing for WECC's reliability mission
- Editorial remarks

Duplication of Activities: WECC/Peak and FERC Order 1000

WECC vs Peak

There were several comments that outlined concern about potential duplication of activities between WECC and Peak Reliability in the areas of Situation Awareness, member committee structure and operator training. Peak's Section 21 Review proposal on creation of several forums hosted by Peak may also reinforce that concern. This has been a membership concern since WECC bifurcated in early 2014. There is ongoing dialog between the executive teams at WECC and Peak, both companies remain committed to not duplicating work, and WECC has not identified any duplication of overlapping services or activities at this point in time.

We understand the basis of the concern is that that WECC and Peak share a common history, were once one company, and many WECC members are also Peak members. However, as of February 13, 2014, we became two independent and separate companies. Each company has a very distinct and purposeful mission, both of which are anchored in reliability of the Bulk Power System. We believe it is worthwhile noting that Peak is a member of WECC, with full rights and obligations associated with membership, and that WECC acts as a regulator for Peak in accordance with its delegated responsibilities under Section 215 of the Federal Power Act. WECC and Peak missions are different in several important ways:

- In the area of Situation Awareness, the Reliability Coordinator is charged with maintaining a wide area view and monitoring the real time operations of the system and, as appropriate, taking actions to ensure any events that do occur are contained. Situation Awareness and



Infrastructure Security are delegation-related activities that WECC and all Regional Entities perform pursuant to their delegation agreement with NERC. WECC does not monitor the system in real time, but has access to limited real time data via the Situation Awareness for NERC, FERC and the Regions (SAFNR) tool; WECC's role is to understand system issues when they emerge and coordinate/communicate with relevant parties (typically NERC and FERC) about the conditions of the interconnected Bulk Electric System in the Western Interconnection. This is materially different than Peak's real time monitoring of system conditions. In addition, as the RC needs to maintain laser focus on events as they are occurring, WECC's role is to discern patterns and identify trends aimed at helping to build a stronger and more resilient system.

- Regarding the linkages between Peak's Section 21 Review and WECC's 4.9 Review, we are mindful that Peak has proposed the creation of several forums and user groups that could result in some duplication of effort. It is, however, too early to know for sure. WECC provided specific comments on Peak's plans and Peak is able to participate, as are all WECC members, in the 4.9 Review process. Peak may also provide subject matter expertise and leadership on specific topics as they emerge through the WECC Committee process.
- Lastly, with respect to operator training, WECC and Peak deliver different benefits to the Interconnection. While both sets of training are required by Standards, Peak focuses on system restoration as required by its role as the RC and WECC focuses on system operator certification as a NERC-approved training provider.

In sum, despite our common heritage; WECC and Peak have unique reliability missions and roles. Each organization needs to take appropriate steps to be sure it is appropriately resourced to meet their obligations and neither organization has any incentive or desire to duplicate work.

FERC Order 1000

Several comments voiced concern about the possibility of duplication between Regional Planning Groups (RPG) and WECC's planning activities and the cost impact to entities in the west. WECC recognizes that the transmission planning construct and approaches across the Western Interconnection are evolving and with them, so should WECC's role. In recognition of the need for more fully integrated planning activities, WECC has reorganized its planning staff to focus more functionally on system stability and resource/transmission adequacy. With respect to system planning, it is important to note that WECC does not perform, and has no desire to become a registered Transmission Planner or Planning Coordinator or any of the specific NERC designated registered entity roles involving Transmission Planning or Operation. To that end, WECC sees its transmission planning mandate from NERC as the designated model builder for the Western Interconnection and reliability assessments associated with longer term system evolution as specified in its FERC-approved Regional Delegation Agreement Exhibit E activities.

WECC provides the interconnection's Transmission Planners and the FERC Order 1000 Regional Planning Groups with data inputs, datasets, information, and stakeholder based processes that help them comply with FERC Orders 890 and 1000 obligations. Specifically, the Regional Planning Coordination Group is a member driven effort that coordinates direct input from the member utilities in four regional planning groups to inform WECC's interconnection-wide transmission topology design. All four RPGs rely on WECC's system modeling datasets as a starting point for their own studies. Without the WECC stakeholder forums and resulting planning datasets each planning region would have to establish its own database as well as a mechanism for coordinating and creating interconnection-wide datasets, increasing costs and creating additional seams issues.

Finally, WECC provides a forum for reliability analysis of future system scenarios. We are currently in discussions with the four RPGs on whether and how this capability could be deployed to benefit the regional planning activities conducted under order FERC 1000. For example, many major planning and public policy issues will have an impact that stretches beyond the footprint of any one region or utility. WECC provides a forum for analyses and coordination that is necessary to address interconnection-wide reliability challenges. As those discussions progress, WECC will adjust its study plans, resource allocation, and, as necessary, committee roles, scope, and structure to meet the emerging needs of the Western Interconnection's stakeholders.

Section 215 Funding and Scope of Activities

There were several comments related to Section 215 statutory scope of activities. WECC's statutory activities are consistent with our approved Delegation Agreement and all relevant FERC orders. Furthermore, WECC has adopted criteria to determine whether a proposed activity properly falls within the scope of WECC's delegated authority and approved delegation-related activities. These criteria are closely based on NERC's own FERC-approved Section 215 criteria. At this point in time, we believe all of our efforts are appropriately funded through Section 215 assessments and eight years of NERC approvals and FERC Orders have reinforced that belief.

Alignment of Corporate Priorities, Reliability Challenges, and Standing Committees' Work Plans

There were several comments related to the alignment of corporate priorities, reliability challenges identified by the Integrated Reliability Assurance Model, and priorities of the Standing Committees' work plans.

The Strategic Intent document identified the corporate priorities over the next three-to-five year period. These priorities are grouped into four focus areas:

- Strengthening the business,
- Providing valued and high-quality reliability assessments and services,

- Bolstering WECC's institutional capabilities, and
- Increasing external engagement.

These priorities provide a road map for growth opportunities and improvement for the organization. Each year WECC management measures progress against these priorities, evaluates the external environment, and identifies corporate-wide initiatives for the coming year.

One of the goals identified to strengthen the business was building a shared understanding of key reliability challenges. Last year, WECC introduced an Integrated Reliability Assurance Model to help align its program areas with the most important reliability challenges facing the Western Interconnection. This model identified several areas where WECC and its stakeholders felt more focus was needed due to the combination of the criticality of issues and unique western industry considerations. WECC has been working with Standards Development, Registered Entity Oversight, and Reliability Assessment and Performance Analysis staff to develop work plans that incorporate the thinking and insights identified through the reliability challenges work conducted last year.

One of the major issues being addressed by the 4.9 work stream on Committee Role, Scope, and Structure is identifying a structure that will ensure more robust stakeholder engagement in the identification of reliability challenges through the Integrated Reliability Assurance Model. Any changes made to the committee role, scope or structure will be to ensure better alignment and integration of member committee work plans with WECC staff work plans and ensure that collectively they focus on the important reliability challenges.

Appropriate Resourcing for WECC's Reliability Mission

A couple of commenters raised the issue that WECC may be overly focused on managing the budget to minimize LSE assessment volatility rather than resourcing itself to properly address its reliability mission. WECC understands the concerns on both sides of this issue. At this point, we believe we have presented a Business Plan and Budget (BP&B) for 2016 that will provide sufficient resources for WECC to meet its statutory obligations and advance the ball on presently-identified critical reliability challenges.

To help minimize assessment volatility, one of the Section 4.9 work streams has identified assessment stabilization as an important goal. In March, the Finance and Audit Committee reviewed a proposed change to the reserve policy to increase reserves which will provide more flexibility and minimize assessment volatility while still meeting the company's funding needs. This updated reserve policy will be presented for approval to the Finance and Audit Committee in June.

WECC is ultimately funded by the ratepayers in the interconnection through our Load Serving Entity assessments and we believe we have a fiduciary responsibility to minimize the financial burden we place on them in the same manner we are working to reduce the administrative burden we place on registered entities through our risk-based Compliance Monitoring and Enforcement Program.

4.9 Review Impacts

WECC is in the middle of its Section 4.9 review. As mentioned several times throughout this document, a number of fundamental issues are being looked at in that review. It is too early today to project what the budget implications of the review will be. Once the review is completed and approved, WECC Staff will factor in those changes in its spending plans and future budgets.

Editorial Remarks

A number of editorial comments were also submitted with the aim of making the BP&B documentation more easily read and understood. Much of the format and content of the BP&B is specified by NERC and FERC to help facilitate their review and evaluation and facilitate an ERO-Enterprise review. WECC will take these comments into consideration and will incorporate, as appropriate, into the Business Plan and Budget document that will be presented to the Board for approval in June.

* * *

Again, WECC appreciates the time and effort entities have put into developing their comments and their willingness to participate in this collaboration to make the Business Plan and Budget a better product.