



## **Draft NERC 2017 Business Plan and Budget Comments of the Canadian Electricity Association**

### **I. Introduction**

The Canadian Electricity Association (CEA) appreciates this opportunity to provide comments on the first draft of NERC's 2017 Business Plan and Budget (Draft Budget).

As the authoritative voice of the electricity sector in Canada, CEA remains a champion of NERC's international standard-setting model. In step with CEA members' enduring support for this model, CEA offers these comments in the spirit of helping to ensure NERC's success.

### **II. Comments**

CEA appreciates the opportunity to comment on the NERC Business Plan and Budget and applauds the transparent process put forward by NERC.

#### **Initiatives**

CEA fully supports the assessment smoothing effort that is underway and would like to have some additional understanding of how penalty funds/reserve will be used to facilitate the smoothing effort and how this could, or could not, affect Canadian entities. CEA also encourages NERC to ensure its assessment allocation policy closely aligns with the adoption of reliability frameworks across Canada and avoids duplicating costs or assessment of costs related to U.S.-only programs or initiatives.

CEA is completely supportive of the effort to better understand the cost effectiveness of NERC projects and believes it should be expanded along the lines of the discussion at the last MRC meeting about understanding the long-term costs associated with new reliability measures.

#### **Budget Increases**

CEA notes that the proposed budget increase of 2.5% - or 3.8% with the inclusion of the proposed E-ISAC portal enhancements - along with a forecast of annual 2.5% increases through 2020, continues a concerning trend of yearly NERC budget increases.

With NERC's major start-up and growth phases firmly behind it, CEA believes that annual budget increases (if any) should be in a lower or flatter range than the one proposed. Further, as stated in previous years, the annual budget increases strike CEA as being unaligned with the fiscal and regulatory realities electric utilities in Canada continue to face. Ratepayers, regulators and



governmental authorities continue to hold rigorous expectations for fiscal discipline on the part of the utility industry.

CEA strongly believes NERC should do more to address this reality.

### Process

CEA believes that the budget should be better tied to the priorities and the risks identified in the Three-Years Strategic Plan. It would also be useful if the sequence of events leading to the development of the Business Plan and Budget and to the Strategic Plan was laid out more clearly, and that the interaction and relation between the two is made more evident.

We further believe it would be helpful to have some degree of prioritization attached to budget expenditures, so we could understand how much additional risk is assumed if the budget, or budget increases, is reduced.

CEA invites NERC to proactively engage the sector to ensure the redesign of the Strategic Planning Framework results in a useful document for ensuring there are clear linkages between strategic priorities, relative risks, and program spending at NERC and alignment across the ERO.

CEA trusts that the concerns outlined in this letter will be given due and fair consideration.

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