

## Proposed Electric Reliability Organization Enterprise Strategic Plan 2013-2016 Request for Comments on Draft

February 13, 2013

**Comments Due: March 13, 2013**

The North American Electric Reliability Corporation (“NERC”) is requesting comments on its proposal to adopt an Electric Reliability Organization Enterprise Strategic Plan for 2013 to 2016 (“Strategic Plan”). A copy of the Strategic Plan is provided as **Attachment A** to this notice.

### **Background**

The Strategic Plan was first presented in open session at the February 5, 2013 meeting of NERC’s Corporate Governance and Human Resources Committee. The Strategic Plan will play a key role in shaping NERC’s resource needs and allocation over the planning period, including the development of NERC’s 2014 Business Plan and Budget. The 2014 Business Plan and Budget Schedule is provided as **Attachment B**. The Strategic Plan will be subject to ongoing review and updating in connection with each annual business planning cycle.

The Strategic Plan was developed in collaboration with the eight Regional Entities, builds on the strategic plan that was adopted and utilized in connection with the development of NERC’s 2013 Business Plan and Budget and is focused around four key strategic areas: (i) standards; (ii) compliance, registration, and certification; (iii) risks to reliability; and (iv) coordination and collaboration.

### **Submission of Comments**

Comments are due **March 13, 2013**, and must be submitted electronically to:  
[StrategicPlanComments@nerc.net](mailto:StrategicPlanComments@nerc.net).

For further information, please contact Michael Walker, Senior Vice President, Chief Financial and Administrative Officer at 404-446-9740, or via email at [michael.walker@nerc.net](mailto:michael.walker@nerc.net).

We look forward to your input.

## Draft Electric Reliability Organization Enterprise Strategic Plan 2013-2016

*This plan was expanded and updated from 2012 to provide more transparency in the setting of goals for the ERO Enterprise and to accommodate the 2013-2016 planning period.*

The ERO Enterprise is a collaborative, international network comprised of the North American Electric Reliability Corporation (NERC) and the eight Regional Entities that brings together collective leadership, experience, judgment, skills, and technologies for ensuring the reliability of the North American bulk power system. This plan summarizes the ERO Enterprise's mission, vision, values and goals; and provides strategic direction and priorities for 2013 and beyond. The plan will be reviewed, revised, and supplemented every two years or more frequently as needed.

### **Mission**

To ensure the reliability of the North American bulk power system.

### **Vision**

To be the trusted leadership that ensures and continuously improves the reliability of the North American bulk power system by implementing relevant standards; promoting effective collaboration, cooperation, and communication around important risks to reliability; and utilizing expertise from the industry to produce outcomes that improve reliability.

### **Core Values and Principles**

The following core values and principles serve as guidelines for the conduct and behavior of all involved in the ERO Enterprise.

***Accountability and Independence*** — The ERO Enterprise will:

- Be accountable for the public responsibilities delegated to it (a public trust obligation).
- Be impartial, independent of special interests, and impervious to improper influence.
- Balance its own independent regulatory judgment with the need to involve those with expert knowledge and experience in bulk power system reliability matters.

***Responsiveness*** — The ERO Enterprise will act in a timely manner on the basis of unfolding events, emerging reliability risks, and the needs of industry and other stakeholders.

***Fairness and Inclusiveness*** — The ERO Enterprise will:

- Be open and transparent.
- Provide access for clear communication with stakeholders.

- Ensure the legitimate interests of all parties are duly considered and balanced in the development of policies and reliability standards, and in its programs and operations.
- Conduct compliance and enforcement actions judiciously and in proportion to risk, paying regard to risks both potential and actual (realized).

**Adaption and Innovation** — The ERO Enterprise will:

- Continuously assess and prioritize its goals.
- Embrace change and encourage new ideas that contribute to effective action.
- Recognize the complex relationships and potential tensions between reliability objectives and business imperatives (including cost control).
- Be nimble and artful in responding to novel, unfamiliar, and emerging challenges.

**Excellence** —The ERO Enterprise will:

- Promote and rely upon the active participation of the best technical leaders from industry.
- Strive for excellence and efficiency in all aspects of Enterprise activities.

**Efficiency** —The ERO Enterprise will make informed decisions regarding efficient use of its resources and resources shared by industry.

**Integrity** — The ERO Enterprise will:

- Maintain the highest levels of professional and ethical conduct.
- Be intellectually honest, truthful, candid, and without bias.
- Be rigorous and thorough in all it does, doing the right things the right way.
- Earn trust by treating every person with fairness and respect.
- Work to meet or exceed expectations of stakeholders.

**Four Pillars for Success**

In order to succeed, the ERO Enterprise will emphasize:

- **Reliability** – to address events and identifiable risks, thereby improving the reliability of the bulk power system.
- **Assurance** – to provide assurance to the public, industry, and government for the reliable performance of the bulk power system.
- **Learning** – to promote learning and continuous improvement of operations and adapt to lessons learned for improvement of bulk power system reliability.
- **Risk-based Approach** – to focus attention, resources and actions on issues most important to bulk power system reliability.

## Strategic Goals 2013 – 2016

The ERO Enterprise has identified seven goals in the strategic areas of standards; compliance, registration and certification; risks to reliability; and coordination and collaboration.

### Standards

**Goal 1. Develop clear, reasonable and technically sound mandatory reliability standards in a timely and efficient manner.** These standards establish threshold requirements for ensuring the bulk power system is planned, operated, and maintained in a manner that minimizes risks of cascading failures, avoids damage to major equipment, or limits interruptions of bulk power supply.

Objectives and valued outcomes include:

**a. Standards are timely, clear and responsive to reliability and security risks.**

*Key deliverables include:*

- Complete standards development governance and process reforms as identified in 2012 resolutions by the NERC Board of Trustees.
- Ensure all existing and new standards meet quality and results-based criteria<sup>1</sup> within five years with subsequent review every five years thereafter
- Evaluate significant bulk power system events (Category 3 and above) to identify gaps in standards and address any gaps
- Develop a bulk power system risk profile and assess standards compared to the profile, address the most important risk gaps
- Address all high-risks designated for control by a standard within one year or two years if technical study is required
- Address all new FERC directives within one year or two years if technical study is required; close existing directives by 2015 (by filing or negotiated resolution)

**b. Standards are practical to implement and cost effective.**

*Key deliverables include:*

- Facilitate smooth transition of new standards (e.g., CIP Version 5)
- Consolidate to a common set of application guides or RSAWs for all standards
- Identify and file requirements to be retired (Paragraph 81 Phase 2)
- Explore options for assessing the cost effectiveness of appropriate reliability standards

<sup>1</sup> Quality criteria are the attributes of excellent reliability standards as stated in Section 300 of NERC's Rules of Procedure. Results based criteria mean each requirement defines a performance outcome, risk mitigation, or essential competency necessary for a reliable bulk power system.

## Compliance, Registration and Certification

**Goal 2. Be a strong enforcement authority that is independent, without conflict of interest, objective and fair.** The ERO retains and refines its ability to use standards enforcement when warranted and impose penalties and sanctions commensurate with risk.

Objectives and valued outcomes include:

**a. The ERO registers entities commensurate with risk to the bulk power system and ensures all key reliability entities are certified to have essential capabilities.**

*Key deliverables include:*

- Develop and implement BES exception process
- Evaluate certification program for sufficiency and effectiveness, modify as needed
- Develop framework and criteria for registration based on risk to the bulk power system
- Develop common and consistent registration processes, information systems and methods among regions

**b. The ERO holds industry accountable for violations that create serious risk to the bulk power system; resulting actions are timely and transparent to industry.**

*Key deliverables include:*

- Develop and implement Reliability Assurance Initiative (compliance reform)
- Develop and implement new caseload and mitigation aging curves and monitor caseload and mitigation performance
- Develop and implement enforcement strategies based on Reliability Assurance Initiative

**Goal 3. Promote a culture of compliance that addresses reliability risks across the industry.** The ERO works with industry to identify standards, procedures, practices and controls to address reliability risks.

Objectives and valued outcomes include:

**a. Industry has effective procedures and programs to monitor, detect, correct, report, and prevent compliance, reliability, and security issues.**

*Key deliverables include:*

- Develop and implement Reliability Assurance Initiative (compliance reform) (same as 2b)
- Make effective internal controls models and information available to industry
- Initiate compliance phase-in learning periods for new standards

- b. The ERO uses efficient processes and proportional exercise of discretion to verify that compliance objectives are met by industry.**

*Key deliverables include:*

- Continue to expand use of discretion through Find, Fix, and Track (FFT)
- Develop and implement Reliability Assurance Initiative (compliance reform) (same as 2b)

### **Risks to Reliability**

- Goal 4. Identify the most significant risks to reliability.** The ERO identifies and prioritizes reliability risks, facilitates effective solutions and interventions, and monitors results.

Objectives and valued outcomes include:

- a. Risks are identified and prioritized based on reliability impacts, cost/practicality assessments, projected resources, and emerging issues.**

*Key deliverables include:*

- Continue to mature RISC and develop risk profile to include HILF issues
- Prepare an annual state of reliability report
- Develop project plans and business case assessments for high priority risks; implement or facilitate initiatives to address high priority risks (see 5a first bullet)

- b. Events and system performance are consistently analyzed for sequence, cause, and remediation to identify reliability risks and trends, and to inform standards, compliance, and other programs. Industry is well informed of system events, emerging trends, risk analysis, lessons learned and expected actions.**

*Key deliverables include:*

- Analyze significant events to identify gaps in standards, compliance effectiveness, registration, and risk controls effectiveness
- Make all bulk power system event reports available to industry through secure portal
- Provide lessons learned and recommendations from events and identified risks
- Merge event driven databases and cause codes into one (e.g., event analysis, TADS, GADS, relay mis-operations)

- Goal 5. Be accountable for mitigating reliability risks.** The ERO works with industry stakeholders and experts to ensure the mitigation of known risks to reliability.

Objectives and valued outcomes include:

- a. The ERO is tracking industry accountability for critical reliability and security recommendations.**

*Key deliverables include:*

- Manage risk control initiatives to be completed by ERO and coordinate other initiatives with industry (e.g., relay misoperations, situational awareness, human error, cyber attack)
- Develop and deploy a recommendations tracking system

**b. Industry is aware of and is effectively addressing security vulnerabilities and threats. Industry security posture is being evaluated and continuously improved. During crisis situations, ERO facilitates sharing of information among industry, Regions, and government.**

*Key deliverables include:*

- Expand security maturity model assessments to be widely accessible across industry
- Issue and track security recommendations to protect the bulk power system (related to 5a second bullet)
- Expand the use and value of security threat and vulnerability information sharing, analytics, and analysis
- Implement periodic wide area security exercises (e.g., GridEx)
- Increase security clearances available to industry and facilitate access to secured briefings through local fusion centers

**Goal 6. Promote a culture of reliability excellence.** The ERO facilitates a learning environment throughout the industry through event causal analysis, communication of lessons learned, tracking of recommendations, and implementation of best practices.

Objectives and valued outcomes include:

**a. ERO is a leading resource to industry and policy makers for reliability information.**

*Key deliverables include:*

- Publish quality reliability assessment reports (LTRA, seasonal and special reports)
- Promote effective actions as needed to address identified gaps in future reliability

**b. Reliability models and data accurately represent system behavior and are shared among reliability entities.**

*Key deliverables include:*

- Assess data and modeling needs and develop recommendations to ensure quality planning and operating data/models are available to registered entities across each interconnection
- Evaluate event disturbances using phasor measurements and other methods to assess sufficiency of data and models

## Coordination and Collaboration

**Goal 7. Improve transparency, consistency, quality and timeliness of results; operate as a collaborative enterprise; and improve efficiencies and cost effectiveness.** The ERO accomplishes this through effective coordination, collaboration and process improvements. The ERO communicates expectations clearly and fosters collaboration to deliver important results in advancing system reliability. The ERO engages the support and expertise of stakeholders, is an efficient steward of resources, and leverages information systems to create efficiencies and process controls.

Objectives and valued outcomes include:

**a. The ERO acquires, engages, and retains highly qualified talent suited to the mission.**

*Key deliverables include:*

- Implement employee climate surveys and succession planning and promote favorable hiring and retention of ERO staffs
- Develop ERO qualifications requirements for auditors and other key positions across the ERO and implement training as needed

**b. The ERO internal risks are understood and managed; ERO processes are effective, efficient, and continuously improved.**

*Key deliverables include:*

- Develop test and deploy ERO enterprise applications, platform and database
- Develop five-year ERO self-assessment and close all recommendations from three-year assessment and FERC audit
- Implement an ERO-wide internal risk management program

## 2014 Business Plan and Budget Schedule

DATES			Related Stakeholder-NERC Committee Initiatives
	NERC	Regional Entities	
January 24, 2013			Reliability Issues Steering Committee (RISC) meeting
February 1, 2013	Proposed Section 215 written criteria filed with FERC		
February 6-7, 2013	MRC and Board meetings (San Diego)		
February 13, 2013	Draft 2014-2016 Strategic Plan posted for comment		Kicks off formal process for broad stakeholder input on ERO 2014-2016 goals and objectives; 2014 BP&B priorities
March 13, 2013	Comments due on Strategic Plan		
Mid February-April	Internal work on draft 2014 NERC and Regional Entity business plans and budgets		
March 5-6, 2013			OC/PC/CIPC meetings
March 12, 2013			Reliability Issues Steering Committee (RISC) meeting
March 13-14, 2013			CCC meeting
March 15, 2013	FFT&R informational filing at FERC		
April 2, 2013			Trades meeting
April 3, 2013	Closed FAC Meeting – Review of personnel, contracts and other assumptions for 2013 Business Plan and Budget		

DATES			Related Stakeholder-NERC Committee Initiatives
	NERC	Regional Entities	
April 4, 2013			Standards Committee meeting
April 16, 2012			Reliability Issues Steering Committee (RISC) meeting
April 30, 2013		2012 Regional Entity true-up files due to NERC	
May 2, 2013			Standards Committee meeting
May 3, 2013	Draft #1 of 2014 NERC Business Plan and Budget posted	Draft 1 of Regional Entity 2014 Business Plans and Budgets posted on NERC website	
May 3, 2013-10:00am ET	Conference call and webinar to discuss Draft #1 of 2014 NERC Business Plan and Budget		
May 8, 2013	FAC Meeting- update on 2014 NERC Business Plan and Budget as part of agenda; quarterly business includes (1) review of year end audited financial statements for NERC and Regional Entities (2) update on 2014 NERC Business Plan and Budget		
May 8-9 2013	MRC Meeting-Presentation of Draft NERC 2014 Business Plan and Budget/Board meeting (Boston)		
May [date TBD], 2013	Meeting to provide FERC budget staff with overview of 2014 NERC and Regional Entity Business Plans and Budgets		Convene meeting with trades to review and obtain input on 2014 NERC and Regional Entity Business Plans and Budgets
May 22, 2013	FAC conference webinar to review Regional Entity 2014 NERC Business Plans and Budgets* * (All BOARD members invited)	Regional Entities present draft 2014 Business Plans and Budgets to FAC	
May 22, 2013			Reliability Issues Steering Committee (RISC) meeting

DATES			Related Stakeholder-NERC Committee Initiatives
	NERC	Regional Entities	
May 30, 2013	Comments due on 1 <sup>st</sup> Draft of NERC Business Plan and Budget NERC and Regional Entity 2012 budget to actual true-up filing due at FERC		
June/July 2013		Regional Entity Board meeting dates for review and approval of Regional Entity 2014 Business Plans and Budgets SPP – June 18 RFC – June 21 NPCC – June 25 TRE – June 25 FRCC – June 26 WECC – June 26 MRO – June 27 SERC – July 10	
June 5, 2013			Standards Committee meeting
June 10, 2013	Post Draft #2 of 2014 NERC Business Plan and Budget		
June 11-12, 2013			OC/PC/CIPC meetings
June 12, 2013			CCC meeting
June 18, 2013			Reliability Issues Steering Committee (RISC) meeting
July 8, 2013		Final Regional Entity 2014 budget submittal due – approved by Regional Entity Board and final list of LSEs and NEL data	Trades meeting
July 10, 2013			Stakeholder Comments due on Draft #2 2014 NERC Business Plan and Budget

DATES			Related Stakeholder-NERC Committee Initiatives
	NERC	Regional Entities	
July 11, 2013			Reliability Issues Steering Committee (RISC) meeting
July 18, 2013			Standards Committee meeting
July 19, 2013	FAC webinar to review Draft #2 of 2014 NERC Business Plan and Budget and final Regional Entity budget submittals	Regional Entities present final 2014 Business Plans and Budgets to FAC	
July 29, 2013	Final 2014 NERC and Regional Entity business plans, budgets, and assessments posted and mailed to FAC, Board of Trustees and Member Representatives Committee		
August 8, 2013			Reliability Issues Steering Committee (RISC) meeting
August 12, 2013	FAC meeting to review and recommend approval of NERC and Regional Entity final 2014 business plans, budgets, and assessments		
August 14, 2013 (Montreal)	Recap of 2014 Business Plan and Budget process and discussion of 2015 Business Plan and Budget process at MRC meeting		
August 15, 2013 (Montreal)	NERC and Regional Entity 2014 business plans, budgets, and assessments presented to Board of Trustees for approval		
August 22, 2013	Standards Committee meeting		

DATES			Related Stakeholder-NERC Committee Initiatives
	NERC	Regional Entities	
August 23, 2013	Submit package to FERC and Canadian provincial authorities for approval. Package to include: (1) the 2014 NERC and Regional Entity Business Plans and Budgets approved by the Board of Trustees, (2) NERC's annual funding requirement (including Regional Entity costs for delegated functions) and (3) the mechanism for assessing charges to recover that annual funding requirement		