

3/21/14

DRAFT FIVE-YEAR ERO PERFORMANCE ASSESSMENT REPORT
COMMENTS OF FLORIDA MUNICIPAL POWER AGENCY (FMPA)

FMPA recognizes the progress that NERC and the Regional Entities have made as the ERO in the last five years. We appreciate the opportunity for stakeholders to provide input regarding the draft ERO Five-Year Performance Assessment Report.

It is clear from the number of stakeholder survey responses received in the "Posting of NERC's Statement of Activities and Accomplishments" (Attachment 4) that the industry is highly engaged and supportive of the ERO efforts to perform well. While it is not feasible for the ERO to address all the registered entity survey responses, it would be helpful for the ERO to address in the final report the high level themes from stakeholders and the marked differences in scores. For instance, the difference in average scores among the core ERO functions: Reliability Standards, Compliance and Enforcement:

Reliability Standards average scores range from 3.2 to 4.0 (NERC Only)

Compliance average scores range from 1.4 to 3.3 (NERC) and 3.1 to 4.1 (Regions)

Enforcement average scores ranges from 1.7 to 2.3 (NERC) and 2.4 to 3.6 (Regions)

Clearly, there is a marked difference between the scores for how well the ERO has performed on Reliability Standards vs. the Compliance and Enforcement programs. These programs are the corner stone of section 215 of the Energy Policy Act, which made reliability standards mandatory and enforceable. While there is a lot of activity around improving these programs (i.e. RAI, FFT, etc.) it is not yet clear "how" registered entities will be impacted. Addressing these concerns more specifically would be a good enhancement to the report.

Despite the low ratings received on the stakeholder survey regarding the compliance and enforcement program, the following statement was on page 1 of the draft report: "NERC's compliance monitoring and enforcement efforts have matured into a robust program that provides industry with more certainty on actions, outcomes, and reliability consequences." There appears to be a disconnect between this statement and the stakeholders survey results.

Additionally, the following statement on page 2 of the report highlights a potential key concern:

"Between June 18, 2007, and the end of 2012, 5,115 confirmed violations. Of these confirmed violations, 85 percent posed a minimal risk to reliability, 13 percent posed a moderate risk to reliability and 2 percent posed a serious risk to reliability."

If 85 percent of the violations processed posed a minimal risk to reliability, it raises the question of the efficiency and effectiveness of the compliance and enforcement programs and their impact on reliability. While efforts are outlined in the report regarding a transition to a risk-based approach for compliance and enforcement, including discretion, targeted measurable improvements are still needed. These should be clarified in the performance report, so its clear how success will be measured for these essential ERO programs.