

Tina Buzzard

Subject: FW: EEI Comments on NERC's 1st Draft 2014 Budget

From: Gray, Mark [<mailto:MGray@eei.org>]
Sent: Friday, May 31, 2013 10:13 AM
To: Michael Walker
Cc: Fama, Jim; Dworzak, David
Subject: EEI Comments on NERC's 1st Draft 2014 Budget

Mr. Walker

EEI appreciates the opportunity to provide the attached brief comments. Please note that these comments only reflect our review of the 1st Draft Budget and do not include comments on the supplemental data provided to the Trades on May 24, 2013.

Please feel free to call or email me if you have any questions, comments or concerns on what EEI has submitted.

Kindest regards,

Mark

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May 30, 2013

On behalf of our member companies, the Edison Electric Institute (EEI) appreciates the opportunity to provide the following brief comments and observations on the proposed NERC 2014 budget and business plan. We look forward to providing additional comments as NERC provides more detailed information.

NERC's 1st Draft Budget lacks necessary detail required for a thorough analysis.

EEI recognizes NERC's desire to better understand stakeholder views on the newly developed Goals and Strategic Plan but we believe this should not have interfered with NERC's ability to submit a detailed 1st draft budget. We note that all of the Regions have submitted a detailed budget in line with the schedule. Although the added details sent to the Trade Associations by the Department of Accounting & Finance on May 24, 2013 are appreciated, EEI has not yet adequately analyzed this new information sufficiently to provide enhanced comments based on that information.

Comments specific to the proposed 2014 NERC budget and plan:

On review of the posted draft, EEI finds insufficient detail on the prioritization of activities within the 2014 budget. Although most of the activities appear appropriate, we are unable to clearly appreciate which of those efforts are considered the ERO's highest priority and must be completed in 2014 against those considered discretionary and can be completed over time. We believe FERC provided clear direction to NERC in Docket FA11-21, which states that the ERO is to "prioritize its statutory activities as part of NERC's annual business plan and budget." Although such details may be forthcoming, we are disappointed it is not clearly shown in this first draft. EEI further notes that FERC has scheduled a Technical Conference on July 9, 2013 to discuss policy issues related to the reliability of the Bulk Power System (BPS) at which time EEI will offer comments on its concerns over ERO priorities if this issue is not sufficiently resolved by that date.

EEI finds the presentation of the Budget as flat (i.e., 1.0% over 2013) to be somewhat misleading since NERC appears to be asking for a nearly 9.4% increase after including \$4.58M in supplemental adders for activities such as vegetation research & management, GMD, standards reform, compliance & enforcement reform, IT enhancements and increases for the ES-ISAC. Although these activities may be necessary, presenting these activities separately as if they will not need normal funding is both confusing and misleading. EEI suggests NERC present the actual requested increases within their core 2014 budget and then detail those activities driving the increases in supporting documentation. It may also be useful to further illustrate the increases within a separate column which would serve to clarify the real 2014 budget while providing the separation desired by the ERO.

Relative to the ES-ISAC, EEI finds the budget to be confusing as to the incremental funding needed for 2014. On Page 22, the budget identifies a need for \$550k of additional ES-ISAC contractor/consulting

support yet in Exhibit C on page 25 it only shows an increase of \$280k for this area and in Exhibit D on page 28 it shows no increase in consultant & contract support over 2013. Although issues such as this may be apparent in the detailed budget, until EEI gets these details we will be unable to access and understand what NERC is proposing let alone support those activities. EEI strongly believes that the ES-ISAC is not an activity that merits funding under Section 215.

These brief comments should not be considered as EEI's full budgetary input into the 2014 budget, however, they do reflect a few high level concerns. We welcome the opportunity to review a more detailed budget during the June 4th Trades meeting and upon release of the 2nd draft budget currently scheduled for release on June 17, 2013.