

**From:** [Pusztai, Andrew](#)  
**To:** [Strategic Plan Comments](#)  
**Subject:** ATC Comments to Draft ERO Enterprise Strategic Plan 2013-2016  
**Date:** Wednesday, March 13, 2013 12:01:11 PM

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ATC is pleased to have the opportunity to comment on the subject draft ERO Strategic Plan 2013-2016. ATC is a member of EEI REAC and endorses the comments submitted by EEI on our behalf.

Sincerely,

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**Subject:** NERC draft strategic plan / EEI comments  
**Date:** Wednesday, March 13, 2013 5:07:30 PM  
**Attachments:** [EEI comments NERC draft strategic plan March 13.pdf](#)

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On behalf of our member companies, EEI appreciates the opportunity to offer brief comments on the draft proposed ERO strategic plan. Feel free to reply or call if you have any questions or need additional information.

David Dworzak  
Director, Reliability Policy  
Edison Electric Institute

**PROPOSED ELECTRIC RELIABILITY ORGANIZATION ENTERPRISE  
STRATEGIC PLAN 2013-2016**

**COMMENTS OF THE EDISON ELECTRIC INSTITUTE**

**March 13, 2013**

On behalf of our member companies, the Edison Electric Institute (EEl) appreciates the opportunity to provide brief comments on the proposed NERC corporate strategic plan. EEl supports NERC in moving to strengthen its strategic planning, an important planning and management tool. EEl envisions that the results of a strong strategic planning process will include alignment of the ERO Enterprise – NERC and the Regions – around a common set of goals, a single plan for implementing those goals, execution and performance of NERC programs and activities under the plan, and a set of metrics for determining success and value achieved. Measuring success must include determinations on efficiencies gained by Registered Entities, not just NERC and the Regional Entities.

EEl also believes that the draft strategic plan must be evaluated in conjunction with NERC's proposed criteria for determining whether a reliability activity is eligible to be funded under section 215 of the Federal Power Act. As noted in EEl comments filed on the proposed criteria, EEl believes that NERC should sharpen its focus to its core statutory responsibilities: reliability standards, enforcement and compliance and periodic reliability assessments. In addition, the draft plan must include clear provisions that NERC will maintain strong procedures for open, transparent, and balanced due process as it implements its various programs and activities. Similarly, the draft plan should articulate provisions for how NERC will engage the various stakeholders and assure an appropriate level of involvement in making the tactical decisions that will necessarily accompany implementation of the plan over time. Design and implementation of various business plans that will be driven by the corporate plan should seek to ensure full and effective use of stakeholder committees and processes.

In line with this concern, as a basic matter EEl believes that the stated mission "to ensure the reliability of the North American bulk power system" is overly broad and goes beyond the ERO's core responsibilities under section 215. As EEl stated in our comments on the section 215 criteria, clearer goals and boundaries should be set. A

fundamental problem with the proposed broad focus is that the proposed strategic plan will be unbounded and less effective in helping to set priorities for ERO activities, and virtually impossible to measure success.

Development of the strategic plan must include strong due process and reflect priorities established with the input of stakeholders. It should not be updated absent stakeholder input. As a corporate strategic document, it is unlikely to require frequent revision, however, NERC needs to develop and provide periodic status reports to the Board of Trustees and stakeholders on a regular basis.

EEl asks also that the strategic plan seek to incorporate elements that recognize the critical need to coordinate within and across program areas. While we have no specific text to recommend, corporate strategic plans aimed solely at “linear” achievements may fail to recognize important interdependencies, and may be challenged to sacrifice one goal for another. For example, NERC needs to recognize that timely reforms within the compliance and enforcement program will have a critically important influence on achievements within the standards development area. In addition, voluntary data and information sharing may be compromised by various confidentiality and business proprietary concerns held by many companies. EEl recommends that NERC consider including confidentiality and data collection issues in the context of its core values, which emphasize fairness and inclusiveness.

The draft plan includes a goal aimed at the development of a “bulk power system risk profile,” which appears to provide a foundation of several of the other goals and activities.<sup>1</sup> While EEl agrees that plans and programs require careful evaluations in order to inform priorities and implementation issues, this “risk profile” is an undefined concept at this point in need of careful discussion and evaluation.

EEl understands that a corporate “risk profile” initiative may involve multiple types of risk evaluations focused on various functions, that a single bulk power system “risk profile” may be an overly broad metric that, again, may challenge effective program planning and implementation, and evaluation. For example, some work has already begun around this initiative, including work conducted by the performance analysis subcommittee of the NERC Planning Committee. In addition, EEl also has commented to NERC previously that NERC human performance activities reflect a much lower priority. NERC needs to ensure that it respects stakeholder input around various “risk profile” types of activities.

EEl also believes that since this is the proposed strategic plan for the ERO, the plan should more clearly state expectations for Regional Entities in executing the plan. A strategic plan is important as an aspirational document that sets the direction for the

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<sup>1</sup> See Goal 1.a, first bullet, and Goal 4.a, first bullet.

ERO Enterprise. However, the ERO Enterprise is only mentioned in one deliverable in Goal 7.b. The Regional Entities have critical responsibilities and should have a prominent role in other areas such as Goal 2 that addresses compliance, registration, and enforcement. The draft plan needs to include provisions that recognize these responsibilities in addition to the importance of consistency between regions.

The goals should be harmonized with the available resources of the ERO and Registered Entities. For example, the item under Goal 1 to address “all-high risks designated for control by a standard within one to two years” is laudable but there must be flexibility to adapt to available resources. As an alternative, EEI can appreciate that the underlying issue could be the need to develop and approve standards in an efficient and timely manner. However, EEI strongly believes that NERC needs to embrace as a strategic corporate goal the need to achieve a steady state basis for the mandatory standards.

EEI appreciates that the strategic plan is attempting to set goals and metrics for several years in the future. It should be acknowledged that as the ERO steps forward through the years covered by the plan, the actual menu of deliverables and metrics may change, reflecting changing priorities and resources.

Several of the goals reference elements of other goals, for example Goals 2 and 3. While we recognize that the goals are related, EEI suggests re-examining where there is overlap to ensure that the goals are clearly defined.

Goal 2 should be further clarified regarding what is intended in the references to registering entities commensurate with risk to the bulk power system, and developing common and consistent registration processes. Are registration criteria going to be revised based upon some sort of risk analysis? Will stakeholders be involved in that effort? Goal 2 should also include consistency in enforcement as part of the goal.

Goals 4 and 5: Stakeholders should have the opportunity to provide input on identifying the most significant reliability risks (Goal 4) and in how those risks are mitigated (Goal 5). EEI believes that Goal 4 for prioritization should delete the phrase “to include HILF issues,” since the phrase suggests that various HILF issues had not been previously addressed within the Reliability Issues Steering Committee prioritization exercise. EEI understands that RISC has explicitly included the HILF issues in its considerations.

Goal 7: The purpose of Goal 7 is to improve transparency, consistency, quality and timeliness of results, collaboration and efficiencies and cost effectiveness. However, none of the objectives and valued outcomes appears to carry this goal through to achieving these same outcomes with respect to Registered Entities. The plan should include specific objectives for enhancing collaboration with Registered Entities to improve transparency, consistency, quality and timeliness of results, efficiencies and

cost effectiveness for registered entities as well, including metrics. EEI understands the draft strategic plan may fail to recognize the cost effectiveness analysis process (CEAP), which is currently underway, and recommends that NERC add language that the CEAP intends to complete its initiative and report to the Board of Trustees, and remove the reference to “explore.” This change more clearly recognizes CEAP as a significant initiative with a specific strategic measurable goal.