

**From:** [Patrick Brown](#)  
**To:** [Strategic Plan Comments](#)  
**Subject:** CEA comments on draft ERO Enterprise strategic plan  
**Date:** Wednesday, March 13, 2013 5:03:47 PM  
**Attachments:** [CEA Comments - ERO Strategic Plan 2013-2016.pdf](#)

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Dear NERC staff:

Attached please find the comments of the Canadian Electricity Association (“CEA”) on the draft ERO Enterprise strategic plan, posted for public comment on February 13, 2013. CEA appreciates the opportunity to file comments on this matter.

Please confirm receipt of this message at your earliest convenience. Many thanks for your assistance.

Best,

Patrick Brown

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## Draft ERO Enterprise Strategic Plan 2013-2016

### Comments of the Canadian Electricity Association March 13, 2013

The Canadian Electricity Association (“CEA”) welcomes this opportunity to offer comments on the Draft ERO Enterprise Strategic Plan 2013-2016 (“Strategic Plan” or “the Plan”). CEA appreciates NERC and the Regional Entities’ effort to provide more transparency in setting goals for the ERO Enterprise<sup>1</sup> through posting of the Strategic Plan for public comment.

CEA generally agrees with the goals set forth in the Strategic Plan. CEA applauds efforts undertaken to refine the Strategic Plan over the years, with NERC seeking to narrow both the scope and number of the targeted objectives listed as critical to mission success, and to base the Plan around a series of measurable goals. Nevertheless, in view of the multiplicity of goals, objectives and valued outcomes included in the document, CEA respectfully suggests that there remains room for further refinement.

CEA hopes that the Plan can serve as a means to continue concentrating the ERO’s programs and activities on the fulfillment of principal responsibilities; gaining efficiencies in the use of industry and ERO resources; and maximizing value and benefits to stakeholders.

As set forth below, CEA’s comments on the Strategic Plan revolve around three key themes and messages: (1) standards development should continue emphasizing quality over quantity; (2) promotion of a culture of excellence should take precedence over promotion of a culture of compliance; and (3) the ERO’s objectives around coordination and collaboration could be stronger, particularly with respect to recognizing the ERO’s obligations to all applicable governmental authorities in North America.

#### **Standards**

CEA members view the development of technically-sound, robust, clear, measurable and cost-effective standards as an ERO core function and as essential to the fulfillment of its mission. CEA is therefore pleased to once again see standards development occupying an upper position within the listing of the ERO’s strategic goals, consistent with past years.

The corporate metrics crafted to measure the ERO’s performance in meeting the goals of the Strategic Plan are outside the immediate scope of this comment proceeding. Nevertheless, CEA wishes to emphasize one important point. We are encouraged by the absence in the draft 2013 Corporate Performance Metrics of any specific metric seeking to measure the ERO’s performance through the establishment of thresholds and targets for the number of new or substantially modified standards to be delivered for NERC Board approval. This absence marks a departure from the 2012 Corporate Performance Measures, which set 12 standards as a threshold and 16 standards as a target for completion in one year.

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<sup>1</sup> CEA uses the term “ERO” in these comments for purposes of consistency with the title of the Strategic Plan, while acknowledging that NERC is not formally recognized as an ERO in every Canadian jurisdiction.

CEA believes that metrics such as those used in 2012 risk creating an incentive for standards projects to be pushed through the development process, with quantity assuming greater consideration than quality. What's more, CEA views the adoption of such thresholds and targets as being inconsistent with the consensus that emerged from NERC-industry-governmental authority dialogue over the last few years. This consensus rejected the simplistic equation of more standards with greater reliability and helped trigger the call for sustained efforts to retire those requirements presenting little to no reliability benefit.

All the same, CEA is mindful that the February 2013 MRC and Board meetings in San Diego featured some discussion regarding expectations of how many standards should be presented to the Board for approval at each quarterly meeting. CEA strongly supports moving away from such thinking and calls for the Strategic Plan to be implemented in such a way that emphasizes quality over quantity in standards development.

### **Compliance, Registration and Certification & Risks to Reliability**

These sections – respectively – include two separate, but related goals: promoting a culture of compliance that addresses reliability risks across the industry and promoting a culture of reliability excellence.

CEA wishes to reinforce its call and that of other stakeholders for NERC's focus to be the latter goal, rather than the former. Across the registered entity community, the compliance burden associated with standards continues to grow and there remains a widespread sense that certain activities are only performed for the sake of compliance, while the tangible benefits to reliability are limited or unclear. CEA and its members strongly believe that through an emphasis on reliability excellence, compliance will follow accordingly. CEA encourages the Strategic Plan and implementation thereof to reflect this understanding and approach.

### **Coordination and Collaboration**

CEA wishes to echo the remarks made by several stakeholders at the recent MRC and Board meetings that the objectives outlined in this section of the Strategic Plan should be stronger and more meaningful. In particular, many stakeholders lamented the absence of clear objectives in the Plan for the ERO's communication with outside parties and stakeholders.

While the language in goal #7 stipulates that the ERO will communicate expectations clearly, there is no specific objective or valued outcome accompanying this statement. Nor do the 2013 Corporate Performance Metrics offer anything concrete in this regard (unlike the 2012 metrics, which included the development of an industry-wide communications plan to build awareness of the ERO's work). CEA respectfully suggests that this section of the Plan stands to benefit from the inclusion of further details regarding how the ERO intends to communicate its expectations clearly to stakeholders and other interested parties.

In step with this recommendation, CEA believes modifications to this section would also enable the ERO to signal its commitment to coordinating with and remaining responsive to all applicable governmental authorities that shoulder responsibility for electric reliability oversight. In stating its intention to address both new and existing FERC directives within targeted timeframes and to close all recommendations from the 2012 FERC audit, the Strategic Plan confirms that it takes its obligations to applicable U.S. authorities very seriously. CEA believes that, for purposes of a document seeking to enshrine the ERO's



overall mission and strategic direction, it is likewise imperative to expressly recognize the organization's obligations to all applicable governmental authorities.

Such action would also be consistent with the recent key findings of the NERC Board – in view of the results of the 2012 Board self-assessments and MRC assessments of the Board's effectiveness – that dialogue with Canadian regulators and overall consideration of the North American nature of the ERO is an appropriate area of focus for the Board moving ahead.

CEA thanks NERC and the Regions for considering these comments and respectfully requests that they move forward with implementation of the Plan in a manner consistent with this input. CEA looks forward to further engaging the ERO on the execution of this Plan, especially as it pertains to laying the foundation for the development of the 2014 Business Plan and Budget.

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