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 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 effectively manage risks to reliability.

Core Values and Guiding Principles
The following core values and guiding 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, including costs imposed on registered entities, 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 development of tools and dissemination of lessons learned and other information to respond 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, with due consideration of the cost to industry

Integrity — The ERO Enterprise will:

- Maintain the highest levels of professional and ethical conduct.
- Be independent, impartial, fair, intellectually honest, truthful, and candid.
- 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 ensuring the reliability of the bulk power system through proper mitigation and remediation.
- *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 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[1] 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

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[1] 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) which includes the objective of improving the efficiency and effectiveness of NERC and Regional Entity operations, reducing unnecessary costs of compliance on registered entities while, in each case, ensuring reliability objectives are achieved.

   - 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

c. The ERO monitors registered entities and standards requirements commensurate with the risk and role of each type of registered entity.

Goal 3. **Promote a culture of compliance which is driven by a culture of reliability excellence addressing 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

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 working with the Regional Entities and registered entities to ensure 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