Electric Reliability Organization Enterprise Strategic Plan 2015–2018

The Electric Reliability Organization (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 assuring the reliable operation of the North American Bulk Electric System (BES). This plan summarizes the ERO Enterprise's mission, vision, values, and goals and provides strategic direction and priorities for 2015 and beyond.

Mission

To assure the reliable operation of the North American Bulk Electric System.

Vision

To be the trusted leadership that assures the reliable operation of the North American BES by promoting effective collaboration, cooperation, and communication around important risks to reliability; implementing relevant standards; and utilizing expertise from the industry to produce outcomes and manage risks to reliability in a cost-effective manner.

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 BES 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 both potential and actual (realized) risks.

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 cost.

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 BES through proper mitigation and remediation.

- *Assurance* – to provide assurance to the public, industry, and government for the reliable performance of the BES.

- *Learning* – to promote learning and continuous improvement of operations and adapt to lessons learned for BES reliability.

- *Risk-Based Approach* – to focus attention, resources, and actions on issues most important to BES reliability.

Strategic Goals 2015–2018

The ERO Enterprise has identified five goals in the following strategic areas: standards; compliance, registration, and certification; risks to reliability; 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 assuring the BES is planned, operated, and maintained in a manner that minimizes risks of cascading failures, avoids damage to major equipment, or limits interruptions of bulk electric supply.

Objectives and valued outcomes include:

a. **Standards are clear, responsive to reliability and security risks, practical to implement, and cost-effective.**

Key deliverables include:

- Ensure all standards meet quality- and results-based criteria[1] by 2017 with subsequent periodic review.

- Evaluate significant BES events (Category 3 and above) to identify and address any gaps in standards.

- Develop a BES risk profile and assess standards compared to the profile; address the most important unmitigated risks, including applicable high-impact, low-frequency risks.

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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 BES.

- Address all high-priority risks that are designated for mitigation through 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 all pre-2013 directives by 2015 (by filing or negotiated resolution).

- Facilitate smooth transition to new standards, including providing standards implementation guidance in collaboration with industry.

- Continue to develop and implement procedures for assessing the cost-effectiveness of reliability standards, as needed.

Compliance, Registration, and Certification

Goal 2. **Be a strong enforcement authority that is independent, without conflict of interest, objective, and fair, and promote a culture of reliability excellence through risk-informed compliance monitoring and enforcement.** The ERO Enterprise retains and refines its ability to use standards enforcement when warranted and imposes penalties and sanctions commensurate with risk.

Objectives and valued outcomes include:

a. **The ERO Enterprise registers and deregisters entities commensurate with risk to the BES and ensures all key reliability entities are certified to have essential capabilities.**

   Key deliverables include:
   - Continue to implement the BES definition.

   - Evaluate the certification program for sufficiency and effectiveness; modify as needed.

   - Implement criteria for registration based on risk to the BES.

   - Develop common and consistent registration and deregistration processes, information systems, and methods among regions, including ensuring that the risk determinations are informed by the Inherent Risk Assessments (IRAs).

b. **The ERO Enterprise holds industry accountable for violations that create serious risk to the BES; resulting actions are timely and transparent to industry.**

   Key deliverables include:
   - Enforcement actions are proportional to risk and harm.

   - Transform the Reliability Assurance Initiative (RAI) from concept to implementation.

- Continue to develop and implement discretion-based enforcement strategies based on the RAI, such as enhancements to Find, Fix, and Track (FFT), compliance exceptions, and self-logging.

Goal 3. **Promote a culture of compliance that supports reliability excellence within industry.** The ERO Enterprise 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:

- Transform RAI from concept to implementation; all Regions implement RAI techniques and principles consistently.

- Continue to support effective internal controls around standards.

- Initiate compliance phase-in learning periods for new standards.

b. **All ERO Enterprise compliance activities are risk-informed, efficient, and effective.**

Key deliverables include:

- Evaluate the effectiveness of compliance program implementation. Identify program revisions and necessary Rules of Procedure changes.

- Monitor registered entities and standards requirements commensurate with the risk to reliability and role of each type of registered entity.

Risks to Reliability

Goal 4. **Identify the most significant risks to reliability, provide assurance for mitigating reliability risks, and promote a culture of reliability excellence.** The ERO Enterprise identifies and prioritizes reliability risks, facilitates effective solutions and interventions, and monitors results. The ERO Enterprise works with industry stakeholders and experts to ensure the mitigation of known risks to reliability and facilitates a learning environment by analyzing events, communicating lessons learned, tracking recommendations, and implementing best practices.

Objectives and valued outcomes include:

a. **Risks are identified and prioritized based on reliability impacts, cost and practicality of assessments, projected resources, and emerging issues.**

Key deliverables include:

- Continue RISC's work to develop risk profiles and include high-impact, low-frequency issues.

- Prepare an annual state of reliability report and associated reliability metrics.

- Maintain a BES risk profile to prioritize and rank reliability risks.

- Develop project plans and business case assessments for high-priority risks; implement or facilitate initiatives to address high-priority risks.

b. **Events and system performance are consistently analyzed for sequence, cause, and remediation to identify reliability risks and trends and lessons learned.**

Key deliverables include:

- Analyze significant events to identify gaps in standards, compliance effectiveness, registration, and risk controls effectiveness.

- Overcome barriers to releasing BES event reports available to industry on a timely basis through a secure portal.

- Provide lessons learned and recommendations from events and identified risks.

- Enhance risk analysis capabilities by integrating risk data sources, such as event analysis, TADS, GADS, and relay misoperations).

c. **ERO Enterprise supports system resiliency through industry situational awareness, physical security, and cybersecurity preparedness and provides independent reliability information to policy makers.**

Key deliverables include:

- Expand security maturity model assessments to be widely accessible across industry.

- Issue and track physical security and cybersecurity recommendations to protect the BES.

- Expand the use and value of physical security and cybersecurity threat and vulnerability information sharing, analytics, and analysis.

- Implement periodic wide-area security exercises (e.g., GridEx).

- Support industry acquisition of security clearances and facilitate access to secured briefings through local fusion and law enforcement centers.

- Make available to industry anonymized, timely, and actionable information regarding threats to the BES.

    d. Reliability models and data accurately represent system behavior and are shared among stakeholders.

    Key deliverables include:

- Assess data and modeling needs and develop recommendations to ensure quality planning and operating data and 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 5. Improve transparency, consistency, quality, and timeliness of results; operate as a collaborative enterprise; and improve efficiencies and cost-effectiveness. The ERO accomplishes this by working with the Regional Entities and registered entities to ensure effective coordination, collaboration, and process improvements. The ERO Enterprise is an efficient steward of resources and leverages information systems to create efficiencies and process controls.

Objectives and valued outcomes include:

    a. The ERO Enterprise acts in a coordinated and collaborative manner with stakeholders.

    Key deliverables include:

- Maintain a list of suggestions and recommendations made by stakeholders (e.g., through policy input) and ERO Enterprise responses to each.

- Engage the support and expertise of stakeholders in prioritizing and resourcing reliability initiatives.

- Communicate expectations clearly and foster collaboration to deliver important results in advancing system reliability.

- Continue the ERO Enterprise IT application and "Rigid Core / Flexible Edges" architecture strategy.

- Clearly delineate ERO Enterprise roles and responsibilities using the ERO Enterprise Operating Model action items to mature the collaborative processes.

b. **The ERO Enterprise acquires, engages, and retains highly qualified talent suited to the mission.**

The key deliverable is:

- Develop qualifications requirements for key compliance and enforcement staff across the ERO Enterprise and implement training as needed.

c. **The ERO Enterprise internal risks are understood and managed; ERO Enterprise processes are effective, efficient, and continuously improved.**

The key deliverable is:

- Implement an ERO Enterprise internal risk management program.