

# Electric Reliability Organization Enterprise Strategic Plan 2014–2017

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 ensuring the reliability 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 2014 and beyond.

## **Mission**

To ensure the reliability of the North American Bulk Electric System.

## **Vision**

To be the trusted leadership that ensures the reliability 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 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 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 2014–2017

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 ensuring 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 new standards meet quality- and results-based criteria<sup>1</sup> by 2017 with subsequent review every five years, including addressing quality and content issues identified in the 2013 Independent Expert Review Team Report and the work of the standing committees, the Reliability Issues Steering Committee (RISC), and others.

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<sup>1</sup> 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.

- 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.
- Address all high-priority risks designated for control by a standard within one or two years if technical study is required.
- Address all new FERC directives within one or two years if technical study is required; close all pre-2013 directives by 2015 (by filing or negotiated resolution).
- Facilitate smooth transition of new standards (e.g., CIP Version 5).
- Consolidate to a common set of RSAWs, or successors, for all standards.
- Identify and file requirements to be retired (e.g., Paragraph 81 Phase 2), including addressing recommendations from the Independent Expert Review Team, the standing committees, the Reliability Issues Steering Committee (RISC) and others.
- 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 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 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:*

- Implement the BES exception process.
- Evaluate the certification program for sufficiency and effectiveness; modify as needed.
- Develop a framework and implement criteria for registration based on risk to the BES.
- Develop common and consistent registration and deregistration processes, information systems, and methods among regions.

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

*Key deliverables include:*

- Develop and implement the enforcement reform component of the Reliability Assurance Initiative (RAI) which includes the objective of improving the efficiency and effectiveness of NERC and Regional Entity operations by focusing on serious risk violations. This will reduce unnecessary costs of compliance for registered entities while 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 the RAI, including enhancements to Find, Fix, and Track (FFT).
- Continue to expand use of enforcement discretion.

**Goal 3. Promote a culture of compliance that supports reliability excellence within 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 the compliance reform component of the RAI; all Regions implement RAI techniques and principles consistently.
- Make effective internal controls models and information available to industry.
- Initiate compliance phase-in learning periods for new standards.

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

*Key deliverables include:*

- Develop and implement RAI (compliance reform).
- 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, be accountable for mitigating reliability risks, and promote a culture of reliability excellence.** The ERO identifies and prioritizes reliability risks, facilitates effective solutions and interventions, and monitors results. The ERO 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 (HILF) issues.
- Prepare an annual state of reliability report and associated reliability metrics.
- Develop the 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.
- Make all BES event reports available to industry on a timely basis through a 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 misoperations).

**c. ERO supports industry situational awareness 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).
- Increase security clearances available to industry and facilitate access to secured briefings through local fusion centers.

**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 is an efficient steward of resources and leverages information systems to create efficiencies and process controls.

Objectives and valued outcomes include:

**a. The ERO 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 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.
- Develop and implement ERO-wide consensus IT solutions for common touch points with registered entities.
- Implement collaborative governance by which ERO and Regions are bound by consensus decisions.
- Clearly delineate ERO and regional roles and responsibilities.

**b. 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.

**c. 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-wide applications, platform, and database.
- Implement an ERO-wide internal risk management program.