

NEW YORK STATE RELIABILITY COUNCIL
MEETING 203: March 11th, 2016
Report for Agenda Item 8.1: Michael Forte
NPCC Board of Directors Report

The next NPCC Board of Directors (BOD) meeting will be held on March 23rd. The following is a summary of the recent NPCC Board of Directors Policy Input to NERC.

NPCC Board of Directors Policy Input

Three issues of particular interest to the NERC Board of Trustees (Board) are (i) the development of the 2017 Business Plan and Budget, (ii) the redesign of the Electric Reliability Organization (ERO) Enterprise's Strategic Planning, and (iii) the cost effectiveness method and pilot proposal. The NPCC Board of Directors provided policy input on each of these issues at their latest meeting.

I. 2017 Business Plan and Budget (BP&B) Development

a. Summary

- i. NERC and the Regional Entities' BP&Bs are developed using the ERO's three-year strategic plan.
- ii. Priorities and major activities of the BP&Bs include:
 - Risk-based strategy
 - Physical security and cybersecurity
 - Risk-based compliance and enforcement
 - BES implementation
 - Risk-based registration
 - Transforming standards to a steady-state

b. NPCC Recommendations

- i. Focus ERO Enterprise assessments of emerging risks to bulk electric system reliability through the re-allocation of personnel and resources from the standards and compliance program areas to the Reliability Assessment and Performance Analysis (RAPA) program area.
- ii. Incorporate plans to enhance the effectiveness of the Electricity Information Sharing and Analysis Center (E-ISAC) and provide direct reliability benefits including information sharing and analytical support for all registered entities and Regional Entities.
- iii. Modify the NERC Cost Allocation Policy to incorporate a U.S.-only funding methodology for efforts and costs related to the Clean Power Plan (CPP) assessments or other country- or interconnection-specific activities.

II. ERO Enterprise Strategic Planning Redesign

a. Summary

- i. The current Strategic Planning documents include the *ERO Enterprise Strategic Plan 2016 – 2019*, the *2016 ERO Enterprise Corporate Measures*, and the *ERO Enterprise Longer-term Strategic Planning Considerations*.
- ii. In recent years the NERC Member Representatives Committee (MRC) has recommended more alignment between the goals in the strategic plan and the related metrics, as well as increased opportunities for industry input.

- iii. In response, the schedule for the 2017–2020 strategic planning cycle provides the MRC with additional input opportunities, both before and after document development.
- iv. In addition, the ERO Enterprise plans to redesign its strategic planning documents to streamline and enhance the alignment between the goals in the strategic plan and the metrics used to evaluate progress.
- v. A framework will be presented at the May 2016 MRC meeting to be used during the development of the strategic planning documents for the 2017–2020 cycle.

b. NPCC Input and Recommendations

- i. NPCC supports the earlier outreach of the MRC to expand the reliability issues to be addressed during the Reliability Leadership Summit, the Reliability Issues Steering Committee (RISC) Report, and the 2017 BP&B development.
- ii. NPCC recommends the prioritization and numerical reduction of ERO Enterprise Strategic Goals with the metrics against these smaller set of objectives being quantitative, as well as qualitative.
- iii. NPCC recommends that the ERO Enterprise longer-term strategic planning considerations be broadened to include the potential impacts of technologies on the future role of the bulk electric system in providing essential reliability services.

III. Cost Effectiveness Method and Pilot Proposal

a. Summary

- i. In 2016, NERC staff intends to develop an approach to measure the order of magnitude of the associated costs related to Reliability Standard implementation and conduct a pilot of the approach.
- ii. The proposal for developing cost evaluations during standards development consists of two phases:
 - 1) A high level analysis of the risk reduction to the Bulk Electric System (BES) being considered during the Standard Authorization Request (SAR) stage of development, as well as the potential costs of not addressing the reliability risk; and
 - 2) Collection of information from registered entities that may have cost impacts associated with implementing a standard.
- iii. For the pilot, NERC suggests that Project 2015-10 *Single Points of Failure* (TPL-001) could be considered.

b. NPCC Input and Recommendations

- i. NPCC supports NERC in conducting cost-related activities for continent-wide reliability standards and recommends that registered entities that are either directly or indirectly impacted be included in the “sample” group.
- ii. NPCC recommends that the assessment of potential implementation costs versus risks to reliability occur at the “SAR stage” and include consideration of non-standards solutions.
- iii. NPCC suggests that NERC build upon the lessons learned from NPCC’s Cost Effectiveness Analysis Procedure and leverage available “in-house” data. NERC should also use the ERO’s data gathering capabilities to reduce the burden of data collection on registered entities.