

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Cost Effectiveness Pilot

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RELIABILITY | ACCOUNTABILITY



- NERC Antitrust Guidelines
 - It is NERC's policy and practice to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition. This policy requires the avoidance of any conduct that violates, or that might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition.
- Notice of Open Meeting
 - Participants are reminded that this webinar is public. The access number was widely distributed. Speakers on the call should keep in mind that the listening audience may include members of the press and representatives of various governmental authorities, in addition to the expected participation by industry stakeholders.

- NPCC process
- NERC 2012 process
- Standards Committee Process Subcommittee Work on Cost Effectiveness
- Cost Effectiveness Pilot
 - Cost Consideration – Risk Focused
 - Proposal

- Initiated by NPCC Board in 2011
- Concentrated on implementation costs
- Implemented as a result of development of PRC-002-NPCC-01
- Lessons learned

- Based on NPCC process
- Two phases
 - Cost Impact Analysis (CIA)
 - Cost Effectiveness Analysis (CEA)
- Pilot used in development of PRC-025-1 and PRC-002-2
- Lessons learned

- Enhanced Periodic Reviews
- Standards Metric
- Process development
- Pilot of proposed method

- Desire for cost consideration in development
 - Ballot was indirect method
 - Need expressed for direct measurement
- Order of magnitude approach
 - Specific entity cost difficult to estimate
 - Flexibility in how to comply
 - Balance of cost versus risk

- Two questions to address
 - What is level of cost versus reliability benefit?
 - Can the most cost effective solution be used?

- Two phases
 - SAR drafting phase
 - Standard development phase
- Pilot
 - Project 2015-10: Single Points of Failure TPL-001
 - Two directives
 - Risk that six-month threshold could exclude planned maintenance outages
 - Spare equipment strategy for stability analysis
 - Two questions
 - What is the risk?
 - Can it be mitigated cost effective?



Questions and Answers