Two-Phase Project Approach

Phase 1:
- Focused primarily on retirements
- More straight-forward retirements
- Draft Standard Authorization Request (SAR) posted for informal industry comment proposed ~114 requirements for retirement
- Phase 1 work complete for team upon submitting SAR

Phase 2:
- Alternatives to retirements
- Consolidation of requirements
- Modifications of requirements or dependent on another
- Compliance Certification Committee and Standard Committee members to supplement Standard Efficiency Review team
Phase 1

- Revised SAR submitted to Standards Committee (SC) (complete)
- SAR posted for formal comment (complete)
- Appoint Project 2018-03 Standards Efficiency Review (SER) Drafting Team – (October 17 SC)
- Industry ballots on proposed retirements to standards (2019 Q1)
- Propose balloted standards to NERC Board of Trustees – 2019 Q2 to 2019 Q3
• Form SER Phase 2 team by supplementing with new Compliance Certification Committee & SC members (complete)
• Clarify scope of work for Phase 2 (complete)
• Identify key issues to address with Advisory Group (complete)
• Review alternatives and concepts proposed by Phase 1 (2018 Q4)
• Develop new efficiency concepts (2018 Q4 to 2019 Q2)
• Conduct industry webinar and solicit input on concepts (2019 Q1)
• Evaluate and identify best efficiency concepts (2019 Q2-Q3)
• Draft SAR(s) or implement concepts (2019)
Questions and Answers
New Variance to TPL-007-2

• Adds new Variance for Canadian Entities
  - Allows for method to develop alternative, Canadian-specific Geomagnetic Disturbance (GMD) planning event(s)
  - Addresses Canadian regulatory approval processes for Corrective Action Plans

• Reliability Benefits
  - Leverages operating experience, observed GMD effects, and ongoing Natural Resources Canada research efforts
  - Addresses Canadian-specific vulnerability impacts of severe GMD event(s)

• Action
  - Adopt TPL-007-3 – Transmission System Planned Performance for Geomagnetic Disturbance Events
• Response to FERC Order No. 848 Directive
  ▪ Requires reporting of Cyber Security Incidents that compromise or attempt to compromise

• Reliability Benefits
  ▪ Assessment of attempts to compromise electronic security perimeter (ESP) and Electronic Access Control or Monitoring Systems (EACMS)
  ▪ Dissemination of information regarding attempts to industry
  ▪ Includes Homeland Security (in US) in the reporting requirements

• Action
  ▪ Adopt CIP-008-6 – Cyber Security – Incident Reporting and Response Planning
Background

- Drafting team performed a five-year review of IRO-006-WECC-3
- Drafting team:
  - Clarified the purpose statement
  - Replaced defined term “Qualified Transfer Path” with “Qualified Path,“
  - Retired six terms from the NERC Glossary of Terms

Action

- Adopt IRO-006-WECC-3 – Qualified Path Unscheduled Flow (USF) Relief
• Background
  ▪ WECC proposes a revised retirement date of January 1, 2021 to coincide with the effective date of PRC-012-2 – Remedial Actions Schemes

• Action
  ▪ Approve the revised retirement date of January 1, 2021 for Regional Reliability Standard PRC-004-WECC-2
Questions and Answers
Reliability Coordination in the Western Interconnection

Branden Sudduth
VP, Reliability Planning and Performance Analysis
RC/Balancing Authorities Footprint

Based on draft, non-binding notifications to WECC
Boundaries are for illustrative purposes only
New RC Timelines

2019

Q1
- 3/26 CAISO certification on-site visit
- May-June CAISO shadow operations

Q2
- 7/1: CAISO Go-Live

Q3
- Aug: CAISO certification review on-site visit
- Sept-Oct: CAISO expansion shadow operations

Q4
- 11/1: CAISO expansion Go-Live
- 12/3: SPP Go-Live

2020

Q1
- Retirement of Peak RC

Standards Development

• IRO-002-5 Regional Variance
• Requires Interconnection-wide methodology for modeling and monitoring
• Second comment period closed January 2, 2019
  – Balloting
  – WECC Board approval in March
  – NERC Board approval in May
WECC/NERC Engagement

• WECC/NERC Staff participating in CAISO and SPP RC Transition Subgroups

• WECC and NERC Staff jointly working on technical analysis of potential seams issues
  – SOL Methodology & Congestion Management
  – Coordinated Operations of Phase Shifting Transformers
  – Outage Coordination
  – RAS Coordination
  – Black Start Restoration
RC Focus Groups

- RC-RC Coordination Group
- Reliability Coordinator Transition Coordination Group
- SPP/CAISO RC Transition Committees, Work groups and Task Forces
- WECC RC Forum
Peak Wind Down and RC Transition

Fiduciary responsibilities

• 2019 Budget
• 2020 close within reserve
• Consistent with bylaws and legal requirements
• Continue to provide RC service to customers until cutovers
• Risk mitigation and management
RC Transition

Successful Transition of the RC Function

- SPP RC Service Offering Process
- CAISO RC Service Offering Process
- WECC Certification Process
- BA & TOP RC Selection and Operations Transition Process
- AESO Transition Process
- BC Hydro Transition Process
- Peak 2019 Budget & Business Plan
- Peak Business Operations Wind Down Process
- RC-to-RC Coordination Process
RC Transition

• Collaboration:
  o WECC
  o AESO, BC Hydro, CAISO and SPP
  o RC Transition Coordination Group (RCTCG) – cross section of Funding parties with input from Peak, NERC and WECC

• Focused discussions on topics including tools, seams management, RC to RC agreements, data exchange and shadow operations
## Critical Success Factors

<table>
<thead>
<tr>
<th>Action</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>2019 budget approval</td>
<td>COMPLETE</td>
</tr>
<tr>
<td>Deploy severance and retention plan</td>
<td>COMPLETE</td>
</tr>
<tr>
<td>Develop internal project plan</td>
<td>COMPLETE</td>
</tr>
<tr>
<td>Training additional internal resources to serve as RCSOs, ROEs and Ops Planning Engineers</td>
<td>COMPLETE</td>
</tr>
<tr>
<td>Implementation of internal project plan</td>
<td>ONGOING</td>
</tr>
</tbody>
</table>
Risks

• Unplanned attrition
• Adequate severance and retention to prevent attrition
• Use of contractors to mitigate risk – cost, availability, and expertise
• Multiple certification dates, shadow operations and cutovers to new RC providers
• Decision timeline impacting transitions
Key Dates

- Jan. 7, 2019 – first wave employee reductions - complete
- July 7, Oct. 7, Jan. 7 (2020) – planned employee reductions
- July 1 – All BAs and TOPS inside California and CENACE cutover to CAISO
- Sept. 2 – BC Hydro cutover
- Nov. 1 – CAISO’s BA and TOP customers outside California cutover over to CAISO
- Dec. 3 – SPP cutover
- Dec. 3 – all Peak services terminated (RC, HAA, WIT)
- March 31, 2020 – closeout all finance, HR, legal functions
WIND DOWN PROJECT
Wind Down Project - Overview

• Addresses Peak’s business operations
  o Continue to provide quality RC services until other RCs become RCs of record
  o Retain talent to ensure service provision and transition
  o Meet governance, legal and financial obligations
  o Continue to provide ongoing transparency and updates to Funding Parties and members
Wind Down – Oversight

• Executive Team – Weekly meetings will include a review of wind down progress, issues, concerns, impacts

• Steering Committee – Monthly “Health Check” meetings and financial check

• Workstreams (15)
  o Weekly or bi-weekly team meetings
  o Progress update, upcoming tasks, open action items and issues, any open decisions
Wind Down – Project Structure

RCTCG Liaison:
Eric Whitley, GridSME

Executive Sponsor

Program Managers (2)

- Corporate
- Reliability Services
- Data Requirements
- Communications
- Engineering

- Finance
- Operations
- IT
- Human Resources
- RC Transitions

- Legal
- Compliance
- Facilities
- RC Training
- Post RC Services (2020 Activities)
Wind Down – Third Party Review

- Retention compensation
- Tax and budget assumptions
- HR matters
- Applicable state laws
- Collective bargaining agreement
KEY EMPLOYEE RETENTION
Severance and Retention Identification Process

• Outcome:
  o Two groups - Severance or Retention and Severance eligible roles
  o Estimated release dates to all non-bargaining unit employees

• Independent review of final outcome
Planned Departures

Planned Employee Departures

- First: 1/7/2019
  - Remaining: 135
  - Released: 12

- Second: 7/8/2019
  - Remaining: 115
  - Released: 20

- Third: 10/7/2019
  - Remaining: 109
  - Released: 6

- Fourth: 1/6/2020
  - Remaining: 99
  - Released: 10

- Final: 4/6/2020
  - Remaining: 10
  - Released: 0

Legend:
- Remaining
- Released
Headcount by Month by Department

- **JAN**: Engineering 49, IT 38, Leadership 11, RC Department 42, Support 21, Trainers-RC Support 9
- **FEB**: Engineering 48, IT 37, Leadership 11, RC Department 42, Support 20, Trainers-RC Support 9
- **MAR**: Engineering 47, IT 38, Leadership 11, RC Department 42, Support 20, Trainers-RC Support 8
- **APR**: Engineering 46, IT 38, Leadership 11, RC Department 40, Support 20, Trainers-RC Support 11
- **MAY**: Engineering 46, IT 36, Leadership 11, RC Department 39, Support 22, Trainers-RC Support 11
- **JUN**: Engineering 46, IT 36, Leadership 11, RC Department 39, Support 20, Trainers-RC Support 11
- **JUL**: Engineering 45, IT 33, Leadership 11, RC Department 39, Support 20, Trainers-RC Support 11
- **AUG**: Engineering 43, IT 32, Leadership 11, RC Department 37, Support 20, Trainers-RC Support 11
- **SEPT**: Engineering 41, IT 32, Leadership 11, RC Department 34, Support 20, Trainers-RC Support 11
- **OCT**: Engineering 41, IT 32, Leadership 11, RC Department 34, Support 20, Trainers-RC Support 11
- **NOV**: Engineering 41, IT 32, Leadership 11, RC Department 34, Support 20, Trainers-RC Support 11
- **DEC**: Engineering 41, IT 32, Leadership 11, RC Department 34, Support 20, Trainers-RC Support 11
- **22-JAN**: Engineering 40, IT 26, Leadership 8, RC Department 16, Support 16, Trainers-RC Support 8
Contingency Plan

- Skills transfer
- Consultants
- Mutual assistance with BAs and TOPs
Operations
**Key Operational Issues**

- Align staffing with four scheduled cutover dates
- Throughout shadow operations Peak is the final authority for its RC footprint
  - Peak will issue all operating instructions
  - Peak procedures will be followed to mitigate reliability issues
- Peak cannot be a backstop after cutover dates are complete
- Dec. 3, 2019 – Peak no longer provides RC services