



NERC 2020 Business Plan and Budget (First Draft) Comments of the Canadian Electricity Association

I. Introduction

The Canadian Electricity Association (“CEA”) appreciates this opportunity to provide comments on the first draft of NERC’s 2020 Business Plan and Budget (“Draft Budget”).

As the voice of the electricity sector in Canada, CEA remains an advocate of NERC’s international standard-setting model. In line with CEA members’ support for this model, CEA offers these comments in the spirit of helping to ensure NERC’s success.

II. Comments

NERC Budget (excluding E-ISAC)

The NERC budget for 2020, not accounting for the E-ISAC, is expected to decrease slightly from previous years. CEA commends NERC for addressing feedback from CEA, and from other stakeholders, which recommended that NERC seek opportunities to reduce annual budget increases, and to achieve budget stabilization through ongoing cost-effectiveness efforts and efficiency increases.

CEA appreciates that NERC is working to ensure operations are more aligned with the fiscal and regulatory realities faced by electric utilities. Utilities must adapt to sector transformations and achieve policy and regulatory imperatives, while also meeting mandates for the highest levels of fiscal discipline from ratepayers, regulators and governmental authorities. This is in the context of the limited ability of utilities to flow through NERC costs to ratepayers.

NERC, with ongoing stakeholder input, should continue its efforts to become more effective and efficient, and to leverage skillsets and evaluate resources, to both improve its ability to meet its mandate and to stabilize costs. This includes the ongoing work to improve the stakeholder committee engagement process, and the ongoing risk-based review of NERC standards.

NERC Budget (including E-ISAC)

The overall NERC budget, after accounting for the E-ISAC, is expected to increase by 3.8% over 2019. The E-ISAC portion of the budget is set to increase by 13.3% from 2019, and will account for 27% of NERC’s overall budget. CEA understands that annual E-ISAC budget increases are set to continue as the E-ISAC Long Term Strategic Plan is implemented, with NERC budget increases until 2021 being driven by E-ISAC costs.





CEA recognizes that the budget increases are supported by the E-ISAC Member Executive Committee, and appreciates the imperative to continue to improve the North American electricity security posture. However, the magnitude of E-ISAC budget increases are substantial. As such, it is essential that there is corresponding value for all stakeholders, including Canadians.

Canadians have voiced concern regarding the overall value proposition of the E-ISAC, especially given substantial increases in the value of cyber-related services and cybersecurity investments by Canadian government partners.

CEA appreciates that NERC has made a consistent effort to address these issues over the past year by engaging with Canadian entities to understand these concerns and unique jurisdictional realities. CEA believes these engagements have been positive, and hopes that they will serve to improve the E-ISAC's value and overall North American security for all stakeholders. CEA urges NERC to continue with these engagements to ensure that full value is realized for all entities, and will continue to monitor progress.

NERC should also ensure cost-effective and efficient E-ISAC operations, and where appropriate, reduce costs through actions such as: reviewing its activities and strategic planning imperatives to ensure that resources and actions are appropriately directed to achieve its mission; leveraging existing threat sharing and analysis infrastructure; and avoiding duplication of efforts.

In particular, the E-ISAC should seek opportunities to leverage capabilities already available from other agencies or partners (such as the Canadian Cyber Centre) to avoid unnecessarily fully building-out its own capabilities. This would serve to reduce needless or burdensome redundancy, and the need for significant budget increases would be reduced. This approach could address ongoing Canadian concerns regarding value proposition and lessen the impact on annual budget increases, while still ensuring that the E-ISAC's services best meet industry need.

CEA trusts that the concerns outlined in this letter will be given due and fair consideration.

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