

ISO RTO Council
Standards Review Committee
Comments on
NERC 2020 Business Plan and Budget, Draft 1

Summary

The ISO RTO Council's Standards Review Committee (SRC)¹ appreciates the opportunity to comment on the North American Electric Reliability Corporation's (NERC) 2020 Business Plan & Budget (BP&B), Draft 1.

While the overall budget increase of 3.8% appears reasonable, the SRC has several areas of concern summarized as follows:²

- Following the results of the Standards Efficiency Review (SER), NERC should make adjustments in the Reliability Standards and compliance program areas to include reduced compliance requirements reflected in NERC's processes
- Ensure the Electricity Information Sharing and Analysis Center (E-ISAC) is able to provide the most relevant and timely actions in response to Bulk Power System (BPS) threats and vulnerabilities
- Following the implementation of the Compliance Monitoring and Enforcement Program (CMEP) tool, Align, (also referred to as the CMEP Technology Project), and the Centralized Organization Registration ERO System (CORES), NERC should identify and reflect resulting savings in future budget years
- NERC Committee structure changes in development by the Stakeholder Engagement Team (SET) could result in reduced meeting and travel expense projections for future budget years

NERC Budget Allocation to CMEP

¹ The IRC comprises the Alberta Electric System Operator ("AESO"), the California Independent System Operator Corporation ("CAISO"), the Electric Reliability Council of Texas, Inc. ("ERCOT"), the Independent Electricity System Operator ("IESO"), ISO New England Inc. ("ISO-NE"), the Midcontinent Independent System Operator, Inc. ("MISO"), the New York Independent System Operator, Inc. ("NYISO"), PJM Interconnection, L.L.C. ("PJM"), and the Southwest Power Pool, Inc. ("SPP"). ERCOT is not joining the comments. Individual IRC members may also file separate comments.

² NERC 2020 Business Plan and Budget, Draft 1, May 17, 2019, Page 11, CMEP and Reliability Standards Programs
<https://www.nerc.com/gov/bot/FINANCE/2020%20NERC%20Business%20Plan%20and%20Budget%20DL/NERC%202020%20Business%20Plan%20and%20Budget.pdf>

Excluding E-ISAC and the Cybersecurity Risk Information Sharing Program (CRISP), the CMEP and Reliability Standards program areas appears to represent ≈51% of NERC's budget.³ Although there should be some incremental savings in data management with the completion of Align and CORES, NERC should leverage the SER Phase II effort to identify areas to reduce and simplify processes that have low-risk exposure in the compliance area.

While recognizing that risk-based monitoring has introduced some efficiencies in the compliance program, the enforcement program continues to follow a lengthy process, even with the implementation of Compliance Exceptions (CEs) and the Find, Fix and Track (FFTs) process. In 2018, 90% of the processed minimal risk instances of noncompliance ended up as CEs.⁴ However, the 2018 average processing age for the entire ERO Enterprise Inventory was almost a year, with 37% between one and two years old and 7% over two years old.⁵ Developing a quicker path to resolve issues of noncompliance, particularly those that pose minimal risk to the reliability or security of the BPS could affect personnel and future budget dollars.

Implementation of CMEP Tools (Align and CORES)

The SRC believes NERC's overall budget shows great consideration was given to controlling cost increases, especially without E-ISAC/CRISP expenses. As the new CMEP projects (CORES and ALIGN) go live, the SRC suggests NERC track the cost savings these programs realize, and keep these as a benchmark for future budget comparisons in the CMEP area. For example, the SRC understands that the Midcontinent Reliability Organization (MRO) increased their budget in 2020 to \$80k for their compliance tool, webCDMS.⁶ Since 2020 is a transition year, expenditures such as MRO's may be appropriate, but the efficiencies these tools provide for the Regional Entities (RE's) and NERC should result in future budget savings.

E-ISAC

The cyber threat landscape is constantly changing and new threats evolve quickly. The SRC supports the continued development and expansion of the E-ISAC, but challenges NERC to assess the number and quality of alerts, as well as the expediency of issuing actionable alerts to ensure it becomes the class-leading mechanism for BPS threat alerts. For example, the E-ISAC's effectiveness could improve by lifting existing restrictions that limit access to the information by BPS experts. Access to the additional information will allow experts to

³ NERC 2020 Business Plan and Budget, Draft 1, May 17, 2019, Page 11, CMEP and Reliability Standards Programs
<https://www.nerc.com/gov/bot/FINANCE/2020%20NERC%20Business%20Plan%20and%20Budget%20DL/NERC%202020%20Business%20Plan%20and%20Budget.pdf>

⁴ Compliance Monitoring and Enforcement Annual Report, February 6, 2019, Page 10
<https://www.nerc.com/pa/comp/CE/Compliance%20Violation%20Statistics/2018%20Annual%20CMEP%20Report.pdf>

⁵ Ibid, Page 22

⁶ Midwest Reliability Organization Draft 2020 Business Plan and Budget, May 1, 2019, Page 26
<https://www.nerc.com/gov/bot/FINANCE/2020%20Regional%20Entity%20Business%20Plan%20and%20Budget/MRO%202020%20Business%20Plan%20and%20Budget.pdf>

focus alerts that are actionable for the BPS, and allow the E-ISAC to become a leading resource relied upon by the industry to monitor, analyze and communicate threats to the reliability and security of the BPS.

NERC Technical Committee Structure

During 2018, NERC engaged the SET to look into the efficiency and effectiveness of NERC's technical committee structure – primarily the Operating Committee (OC), Planning Committee (PC) and Critical Infrastructure Protection Committee (CIPC). The SET has arrived at two options for re-structuring, with an implementation timeline of early 2020. NERC expects the alternative structure to reduce staff travel, and meetings expenses from current levels, yet projected savings in those areas are not reflected in the 2020 BP&B. As 2020 may be a transition year, NERC may not realize savings during 2020, but the SRC would expect savings to materialize beginning with the 2021 BP&B.

Conclusion

The SRC appreciates the opportunity to provide comments on NERC's 2020 BP&B, and asks NERC to consider the comments offered as the BP&Bs are finalized, and then going forward as the programs described in the BP&B are carried out in 2020.