



Independent Electricity System Operator

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June 29, 2018

Mr. Scott Jones
Senior Vice President and Chief Financial and Administrative Officer
North American Electric Reliability Corporation
3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326

Dear Mr. Jones:

Re: NERC 2019 Business Plan and Budget, Draft 1

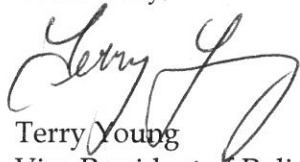
The IESO appreciates the opportunity to submit comments on Draft 1 of the North American Electric Reliability Corporation's (NERC) 2019 Business Plan and Budget (BPB).

NERC's proposed annual budget increase of 9.5% over 2018 continues a concerning trend of annual increases beyond inflation. As a regulated entity in a sector under great scrutiny and fiscal pressure, the IESO must clearly demonstrate that its own proposed costs prudently support activities that benefit Ontario's electricity system and ratepayers. This includes its contribution to NERC's funding.

Approximately 34% of the budget is attributed to the Electricity Information Sharing and Analysis Center (E-ISAC). The impact of this increase on the IESO's allocation is a significant concern. The IESO does not use the E-ISAC. Rather, the IESO relies on a Canadian alternative as the E-ISAC has not provided vital cybersecurity event information in a timely enough manner to effectively mitigate threats to the reliability of Ontario's electricity system. For example, Canadian entities learned in 2017 of a threat targeting the North American energy sector through the Canadian Cyber Incident Reporting Centre 17 days before US entities were notified through the E-ISAC. The IESO believes that it should not be subject to costs for a service that does not provide a benefit to the IESO to accomplish its statutory functions. The IESO therefore urges NERC to allocate E-ISAC costs based on subscribed use of the service for the budgeted year.

The IESO appreciates NERC's recent efforts to work with stakeholders to identify opportunities to improve ERO Enterprise effectiveness and efficiency, including streamlining enforcement processes and reallocating resources from standards development. The IESO encourages NERC to seek further efficiencies with clear, measurable outcomes while continuing to pursue its strategic priorities, recognizing that registered entities must do the same to accommodate NERC's budget increases.

Yours truly,

A handwritten signature in black ink, appearing to read "Terry Young". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Terry Young
Vice President of Policy, Engagement and Innovation

cc: Peter Gregg, President and CEO of the IESO