



New England States Committee on Electricity

To: Edward A. Schwerdt, President & CEO
Northeast Power Coordinating Council (NPCC)

From: NESCOE

Cc: Maine Public Utilities Commission, NPCC Member
New Hampshire Public Utilities Commission, NPCC Member
Vermont Department of Public Service, NPCC Member

Date: August 14, 2017

Subject: NERC's Draft ERO Enterprise Long-Term Strategy – Input for NPCC Board Strategic Planning Session

The New England States Committee on Electricity (NESCOE) respectfully submits a recommendation to the NPCC Board of Directors (Board) in response to your July 21, 2017 invitation to NPCC members to provide input regarding potential revisions to the North American Electric Reliability Corporation's (NERC) 2017 draft ERO Enterprise Long-term Strategy (the Draft Strategy).

NESCOE is New England's Regional State Committee, representing the collective perspective of the six New England states in regional electricity matters. While NESCOE is not an NPCC member, it works closely with several NPCC members in Sector 6 (state/Provincial Regulatory and Gov't Authorities) listed above.

Recommendation: Focus Area 5 – “Achieve Greater ERO Enterprise Operating Effectiveness and Efficiency” – Should be Expanded to Include Cost-Effectiveness Methods for Standard Development

For five years, NERC has discussed implementation of a cost-effectiveness tool, initiating a number of pilot projects and other activities. This past April, the NERC Board of Trustees (NERC Board) sought input from the Member Representatives Committee on this issue, which was discussed at the May meeting of the NERC Board. While these latest efforts are encouraging, NESCOE is not aware of any timeline or targeted date for adopting a cost-effectiveness tool as part of the standard development process.

NPCC has led efforts to integrate cost-effectiveness into the standard development process. It developed and implemented its own cost-effectiveness tool in 2011 that became a model for an earlier mechanism that NERC explored. NPCC has continued to encourage NERC's adoption of such a tool, most recently in comments to the NERC this past May. NESCOE greatly appreciates NPCC's leadership in this area and its continued focus on developing a cost-effectiveness mechanism as part of NERC's standard development process.

As NESCOE has stated in past comments to NERC, it is a priority that the appropriate level of infrastructure is in place to achieve a robust and reliable bulk electric system. At the same time, mandatory standards cannot be considered in a vacuum. The standard development process must recognize the magnitude of risk and expected costs associated with these standards. NESCOE supports NERC's efforts to advance a cost-effective approach to achieving its reliability objective.

NESCOE respectfully asks the NPCC Board to recommend to NERC that its Draft Strategy be revised to include cost-effectiveness methods as part of the standard development process. NESCOE will be proposing this recommendation directly to NERC, but given NPCC's leadership in this area and its expertise in developing and administering standards of its own, such a proposal from NPCC would help encourage this important revision to NERC's goals and priorities. NESCOE appreciates the Board's consideration.

Sent electronically to: ISO New England Inc.
Fred Plett, Member, NPCC Board of Directors