Statement from Christine Schwab, Chair of NERC Reliability Issues Steering Committee

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(Panel III)

Good afternoon. My name is Chris Schwab. I serve as Vice President and Chief Risk Officer at Dominion Resources Services. I joined Dominion in 1995, with a background in law and economics. I also serve as the Chair of NERC's Reliability Issues Steering Committee, and it is in that capacity that I am here speaking with you today.

The Reliability Issues Steering Committee, or RISC, was formed in August 2011 as an advisory committee that reports directly to the NERC Board of Trustees. It triages and provides front-end, high-level leadership and accountability for issues of strategic importance to bulk power system reliability. The RISC is made up of fourteen members comprised of the Chairs of each NERC Standing Committee, four members from the MRC and four at large members, as well as one non-voting NERC staff member. The broad representation on the RISC and the commitment and expertise of its members have allowed the RISC to achieve a lot in its first year.

The charter of the RISC states that the RISC assists the Board, NERC standing committees, NERC staff, regulators, Regional Entities, and industry stakeholders in establishing a common understanding of the scope, priority, and goals for the development of solutions to address issues of strategic importance to bulk power system reliability. In doing so, the RISC provides a framework for steering, developing, formalizing, and organizing recommendations to help NERC and the industry effectively focus their resources on the critical issues needed to best improve the reliability of the BPS. The charter notes that benefits of the RISC include improved efficiency of the NERC standards program. In some cases, that includes recommending reliability solutions other than the development of new or revised standards and offering high-level stakeholder leadership engagement and input on issues that enter the standards process.

To carry out its responsibility to provide a framework for steering, developing, formalizing and organizing recommendations to help NERC and the industry effectively focus resources on the critical issues needed to best improve the reliability of the BPS, the RISC undertook an initial assessment of all ongoing efforts at NERC. NERC staff identified 41 active or planned efforts related to reliability threats, and combined them into several general reliability areas.

For each area, committee members were asked to consider the risk impact and probability, the associated controls currently in place and their effectiveness, any gaps in control, and then ultimately provide a “post-control” estimate of risk that could be used to indicate where they felt the area should be ranked within the ERO reliability strategy. The RISC met in-person three times to discuss, refine, and ultimately achieve consensus on the prioritization of these issues.

Members used their extensive knowledge and expertise, as well as that of their colleagues and co-workers, to consider the relative reliability importance of each area.

The results of the prioritization showed strong alignment with NERC's existing business plans and priorities, indicating NERC is generally focusing on the right areas. The RISC identified the need for further analysis to ensure NERC is focused on the correct problems within each general reliability area, as well as to identify any gaps in coverage.

The results of the prioritization were presented to the NERC Board of Trustees in February 2013 in the form of a report titled "ERO Priorities - RISC Recommendations[1]." After receiving the report, the NERC Board of Trustees passed resolutions accepting the report and endorsing continued work by the RISC on a gap analysis on the high priority and then the medium priority issues; directing NERC management to work with the RISC to consider how the priority rankings should be reflected in the development of the ERO's business plan and in the work plans of NERC committees; and directing NERC management to work with the RISC and NERC committee leadership to consider how NERC should utilize a data-driven reliability strategy development process that integrates with ERO business plan development.

The RISC began undertaking preliminary gap analysis efforts in advance of the Board resolutions at its January 21, 2013 meeting. Monthly meetings in March, April and May focused on educating the RISC and all observers in those meetings about the ongoing efforts (including the state of data and metrics) in various areas. Since then, staff efforts have focused on assembling relevant information into a set of worksheets. These gap analysis worksheets have been posted to the NERC website[2], and the RISC is hopeful that all stakeholders will participate in the open meetings on July 11th and 12th here in Washington to discuss these gap analyses.

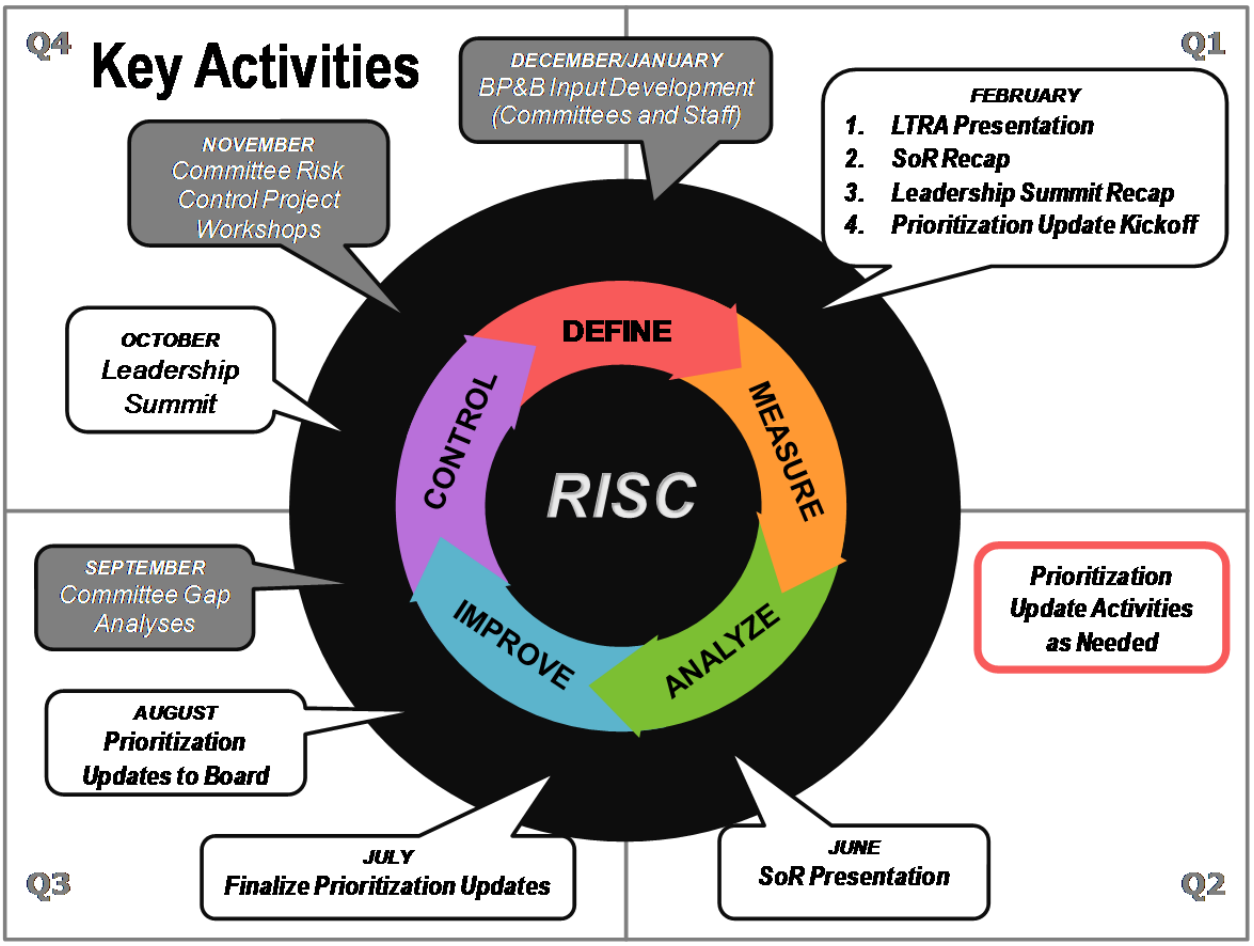
The RISC's gap analyses consider the following questions:

- Are existing efforts sufficient, or do we need to add new efforts or make incremental improvements to what we have? Are all of the existing efforts needed?
- Are new efforts within NERC's scope or appropriately directed to the right organization?
- What gap was identified that each effort is meant to solve?
- What data is available to appropriately scope any new activity?
- How will we measure performance? What metrics will define and track success?

In addition to the gap analyses, the RISC has worked with NERC management as they have developed an approach for folding the recommended prioritizations developed through the RISC's collaborative approach into the overall NERC business plan. This approach defines a

[1] http://www.nerc.com/comm/RISC/Related%20Files%20DL/12-RISC%20Recommendation_Final_20130118_1213.pdf
[2] http://www.nerc.com/comm/RISC/Pages/AgendasHighlightsandMinutes.aspx

structured way for NERC to get data and expert analyses to the RISC; how the RISC uses that input to develop broad priorities for ERO consideration; and then how NERC staff works with its technical committees of industry experts to propose targeted interventions that maintain or improve reliability. As NERC management considers the priorities and interventions, they will also evaluate the most effective ways to deploy NERC resources and identify any impacts to the NERC business plan.



The processes and tools for implementing this "reliability problem solving protocol" are currently in development.

The next steps for the RISC will be completed later this week in open meetings on July 11th and 12th. At those meetings, we anticipate a robust dialogue around the gap analyses with all observers. This dialogue will enable the RISC to consider its initial prioritization and make any necessary changes as the RISC develops its recommendation for the August NERC Board of Trustees meeting.

The RISC is one element of NERC's ongoing evolution toward using risk analysis to focus its efforts on the things that matter most to reliability. Other NERC initiatives, such as Find Fix and Track, the Reliability Assurance Initiative, the paragraph 81 review, and the streamlining of the standards process, also play an important role in the maturation of the ERO. Together with existing NERC functions, these efforts provide a smoother process from start to finish that will focus industry participants, regulators, and the public on the items of greatest importance to the reliability of the bulk electric system.