

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Reliability Technical Conference

Docket No. AD13-6-000

Written Statement of Jeffrey J. Gust

Good afternoon. My name is Jeff Gust. I am Vice President, Compliance and Standards, and Chief Compliance Officer at MidAmerican Energy Company in Des Moines, Iowa. In this role I oversee the NERC mandatory standard compliance duties throughout the company, incorporating all reliability requirements into our processes, procedures and business practices. I am here today representing the Edison Electric Institute, the trade association for the investor-owned segment of the electric industry in this country. EEI member companies own or operate 70% of the electric system. To help focus discussion for this panel, I have three basic viewpoints to share this afternoon.

First, as stated earlier by Kevin Burke, EEI supports the 2013 NERC State of Reliability Report and the conclusion that reliability is adequate. We draw from this important and basic conclusion that there is no compelling or urgent need to address new or expanded scope of the current Commission-approved mandatory standards now in effect. There are no pressing reliability gaps to cover at this point. In addition, we strongly support the need to clarify the boundaries between adequacy and excellence in pursuit of mutually shared reliability goals, and make sure that the standards do not wrongly seek to pursue expensive and unnecessary requirements. Development of best practices and operational excellence, and strong company peer review processes, is the job of the North American Transmission Forum.

We applaud the initiative and leadership of the Standards Committee and NERC standards program staff under Mark Lauby to improve the focus and performance of the standards development program, especially the work effort taking place this year for moving several projects to completion. This work includes the important work of initiating a cost-benefit consideration into the standards development process.

EEI notes the June 20 Notice of Proposed Rulemaking on “paragraph 81,” the Commission proposal to approve the removal of 34 existing requirements, and work taking place at NERC to continue development of recommendations that will target the removal of redundant or unnecessary requirements. It is very important for NERC and stakeholders to continuously review the standards in a disciplined manner and confirm their relevance for system planning and operations.

Second, the NERC reliability standards need to move to a steady state. We need to respect a fundamental principle that standards should be designed to endure industry change. Reliability standards should not require changes caused by new technology, or changes in fuel or capital markets, company location, or industry structure. And fewer moving parts in any device, including standards, usually means a more reliable device. Reliability standards should not be viewed to encompass or mandate procedures or processes, and constant changes or revisions. And standards should not be viewed as best practices, the jobs of the Generator Forum and Transmission Forum. Debates over solutions to various reliability problems needs to take place in the NERC standing committees (OC, PC, CIPC, subcommittees, task forces), which serve a critical role in discussion and debate on new and emerging issues.

Third, and as others on this panel will describe, NERC and stakeholders need to continue working on improvements in the coordination of various activities related to standards process and development. Progress continues all along this line. The newly formed Reliability Issues Steering Committee is offering advice and recommendations that inform the need for standards and setting priorities. The standing committees are addressing specific reliability issues that need careful attention, discussion, and debate. The Standards Committee itself is sharpening its focus and efficiency in managing process. NATF continues building a strong best practice program through its peer review and membership committees.

One particular challenge that continues to need attention is a problem worth having. In some cases, company participants in standards process matters can become stuck in details that may either “over-engineer” the solutions, or get distracted by technical issues and lose sight of broader policy context. In some cases, the “80% solution” achieves an adequate tool, the

complete solution may reflect a pursuit of unnecessary perfection. The “problem worth having” is that technical personnel pay careful attention to the details and this can appear as “no” votes in balloting over a matter that has a very small technical effect on the overall outcome. In others, it may reflect a more fundamental disagreement.

On behalf of EEI and the member companies, I look forward to discussion and questions on the issues. Thank you.