WIRAB Staff Comments on Peak Reliability 2016 Strategic Plan

April 29, 2016

The Staff of the Western Interconnection Regional Advisory Body ("WIRAB Staff") appreciate the opportunity to provide the following comments on the March 30th draft of Peak Reliability's ("Peak's") 2016-2020 Strategic Plan.

WIRAB Staff takes an expansive view of Peak's role in ensuring "excellent reliability performance in the Western Interconnection." Peak is a public welfare organization and should serve the public interest by continually seeking to enhance grid reliability. That includes effectively and efficiently:

- Serving as the reliability coordinator;
- Promoting best reliability practices in the region;
- Fostering technological change and operational innovation in grid management;
- Enabling a wide-area view based on the most accurate data possible;
- Providing hosted services that allow Balancing Authorities ("BAs") and Transmission Operators ("TOPs") to perform their functions better.

WIRAB Staff finds it difficult to evaluate Peak's draft Strategic Plan without knowing the goals, objectives, and work plans for each of its individual "Initiatives". These initiatives should be the heart of Peak's strategic plan and strategic focus.

WIRAB Staff makes the following overarching recommendations on the Strategic Plan:

1. **Stakeholders should have the ability to comment on the entire plan once draft "Operational Plans" are developed.** The Strategic Plan should include detailed work plans that set out what Peak will do and how it will do it. Without detailed work plans, the strategic plan cannot be adequately evaluated. We recommend that once the detailed work plans are developed that parties be given an opportunity to comment on the entire plan.

2. **"Operational Plans" must include goals and objectives to assess whether a given "Initiative" has been successful or not.** There is too much disconnect between the broad five-year "Measures of Success" and the individual "Initiatives". Each initiative should have its own individual goals and objections and metrics should be developed that can quantify the individual initiative's success.

3. **Peak should include an initiative to conduct a systematic risk assessment of the operational risks to the Bulk Power System and evaluate Peak's role to address those risks.** The Peak plan should be oriented to address reliability risks in the region and seize opportunities to enhance grid reliability. To that end, we recommend that Peak conduct its own assessment of the risk to the system and set forth actions Peak will take to help mitigate risks and promote improved performance and grid reliability.

WIRAB Staff makes the following specific comments and recommendations on the March 30th draft of the Strategic Plan:

1. **Insight Report Themes and Scenarios (pp. 4-5):** There is no clear or direct linkage between the three Insight Report Themes and the five Reliability Pillars in the Strategic Plan. To eliminate confusion regarding which of these themes or pillars are guiding Peak' actions, Peak should make the connection or remove the Insight Report Themes from the Strategic Plan.

2. **Insight Report Scenarios (p. 5):** It is not clear how the Insight Report Scenarios influence the development of the initiatives in each of the five Reliability Pillars in the Strategic Plan. Peak should make these connections or delete the scenarios from the Strategic Plan.

3. **"Future and Purpose" vs. "Vison and Mission" (p. 9):** It is unclear why Peak needs "Future" and "Purpose" statements, in addition to its "Vision" and "Mission" statements. Adding these additional statements is confusing and detracts from the plan having a clear focus. Peak should replace the "Future" and "Purpose" statements with its "Vision and "Mission" statements.

4. **Drive Operational and Technological Excellence (pp. 12-13):** WIRAB Staff supports the initiatives identified for this reliability pillar, but believes Initiatives 1, 3 and 4 should be the focus of Peak. The description of the first initiative should be slightly modified to emphasize that for Peak Reliability improved reliability comes before improved efficiency of the Bulk Electric System:

   > Initiative 1: Lead the transition toward increased use of real-time tools and assessments in the operating function to improve reliability and efficiency ~~and reliability~~, including supporting industry's implementation of the newly revised TOP/IRO standards.

   The first measure of success within this reliability pillar should also be modified slightly:

   > Decrease the annual number and cumulative duration of System Operating Limit (SOL) exceedances.

   WIRAB Staff also believes that Initiatives 1, 3, and 4 in Drive Operational and Technological Excellence should be a focus of Peak for the following reasons:

   - **<u>Initiative 1</u> – Lead the transition toward increased use of real-time tools and assessments in the operating function to improve [reliability and efficiency],**

including supporting the industry's implementation of the newly revised TOP/IRO standards.

The industry is moving toward more real-time analysis of system conditions and Peak must remain on the forefront on the technological changes that are occurring and making this possible. Peak should be continuously be striving to research and develop tools that improve the effectiveness of the RC role ahead of NERC or WECC standards require something, for example frequency response monitoring. Peak should be proactive rather than reactive. Peak needs to effectively demonstrate the benefits of these types of operations to improve reliability in the Western Interconnection.

- **Initiative 2 – Promote data accuracy and bring data, models, and tools to maturity.**

  Good data is crucial and fundamental to Peak's operation. Garbage in, garbage out. Peak cannot expect to have success in Initiative 1 (above) without good, quality data. Everything Peak does relies on quality data, and it is the first step towards having quality models and tools. Peak should continue to analyze the raw data it receives for quality purposes, because it may reveal more data quality issues outside of BA load forecasting and outage submittals.

- **Initiative 4– Enhanced outage coordination and operations planning processes.**

  Outside of the IRO-017-1 standard that requires the RC to develop, implement and maintain an outage coordination process, this initiative is deeply related to the data quality issue. Peak needs to identify opportunities where it can proactively fix issues, like outage or load forecasting data, prior to a NERC or WECC standard mandating Peak to address the problem.

5. **Demonstrate Strong 'Cost-Benefit' Advantage (pp. 14-15):** WIRAB Staff recommends changing the title of this reliability pillar to, "Deliver Services More Broadly and Cost-effectively". The phrase 'Cost-Benefit Advantage' begs the question: To Whom? To society? To end users of electricity? To BAs and TOPs? We assume Peak is not going to conduct a societal cost-benefit analysis for every new tool or service it develops. Initiatives 1, 3, and 4 are aimed at delivering Peak's services more broadly.

   In the Measure of Success, Peak has "*maintain a flat charge for RC Services in 2017 and less than 4 percent annual increase thereafter".* Although this measure is cost

considerate, it does not address ultimate end game of "Demonstrating Strong 'Cost-Benefit' Advantage" because the benefit side is not addressed. WIRAB Staff cautions Peak on developing metrics around cost that do not address benefits.

WIRAB Staff believes that Initiative 1 from Demonstrate Strong 'Cost-Benefit' Advantage should be a main focus of Peak for the following reason:

- **<u>Initiative 1</u> – Increase Value of existing core services.**

  If Peak does its core functions superbly, the value of its core services will increase. Peak needs to actively demonstrate that value and the benefit it has on the industry and society because it can be lost when reliability is high and people start to become complacent.

6. **Influence Industry Collaboration, Cooperation, and Communication (pp. 15-16):** WIRAB Staff suggest providing an example of the "other stakeholder forums" that Peak is working to develop (see second sentence of Initiative 4).

   Additionally, when Peak develops metrics around each of its initiatives, the core function of a metric is quantify quality and not just quantity. For example: In the "Measures of Success" in the Influence Industry Collaboration, Cooperation and Communication Pillar, one measure of success is *"Review, publish, and communicate risks and opportunities on at least four emerging policies or technologies"*. This is a checkbox mentality metric that does not necessarily foster high quality work. These types of checkbox metrics should be avoided.

   WIRAB Staff provides the following recommended initiative to the Influence Industry Collaboration, Cooperation, and Communication:

   - **<u>Initiative</u> – Seek out electric utility CEOs that are thought leaders and decision makers in the electric power industry.**

     The member representatives that attend Peak meetings are "operationally minded staff" of the electric utilities. Peak is talking to the wrong audience to receive policy input and achieve budget support. Peak needs to work with industry thought leaders and decision makers to advocate for its position on important policy matters.

7. **Promote Innovation for the Changing Environment (pp. 17-18):** WIRAB Staff recommends changing the description of the second initiative to emphasize that for

Peak Reliability improved reliability comes before improved efficiency of the Bulk Electric System:

> Initiative 2: Lead the exploration and development of new ideas for more reliable and efficient ~~and reliable~~ operations in the Western Interconnection.

WIRAB Staff recommends deleting or clarifying the second example of work than may be done under Initiative 2. The phrase "economic impact" begs the question: To Whom? We assume Peak is not going to quantify the impact of its operational decisions on the economy of the Western Interconnection.

WIRAB Staff also recommends deleting or clarifying the third example under Initiative 2. Why is greater alignment of revenue and cost drivers a good thing for Peak or the Western Interconnection?

For Initiative 3, WIRAB Staff recommends providing examples of what it means to "operationalize" synchrophasor technology or synchrophasor data. What kinds of tools or information does Peak envision developing and making available?

WIRAB Staff recommends the follow changes to Initiative 4:

> Initiative 4: As the Bulk Electric System ~~environment~~ changes in the West, such as expansion and addition of markets, there may be reliability or efficiency ~~or reliability~~ benefits from ~~to~~ Peak partnering with key entities leading such changes. This initiative may include ~~identification of signposts that could indicate key changes to the environment,~~ Peak executive engaging ~~ement~~ with industry leaders to understand the drivers for change, and discussions with key entities on potential synergies between Peak and energy industry leaders ~~potential partners~~.

For Initiative 5, WIRAB Staff recommends Peak think of a better example. Flexible work schedules are not a new innovation.

WIRAB Staff believes that Initiatives 3, in Promote Innovation for the Changing Environment, should be the focus of Peak for the following reasons:

- **<u>Initiative 3</u> – Operationalize Synchrophasor technology in the Western Interconnection.** Synchrophasor data is a new tool that is currently underutilized. There is the potential for a lot of research and development using the data from Synchrophasors that can help Peak develop to real-time tools. Peak does not need

to go at it alone and proper sharing of this data can lead to reliability discoveries unforeseen by Peak or its members.

8. **Deepen Employee Engagement (p. 19):** WIRAB Staff provides the following recommendation to deepen employee engagement:

   - **<u>Initiative</u> – Encourage Peak's professional team to develop an independent approach to its work and to make independent recommendations on important policy matters.**

     Peak's approach of waiting to achieve consensus among its utility membership before acting on important policy matters is a recipe for no action and less than exceptional reliability performance. Peak's membership representatives can be a strength on technical engineering and operational matters; but its membership can be a weakness on policy and other matters.