

WIRAB Advice to WECC Re: Scope of WECC's 2020 Organizational Review

May 31, 2019

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The Western Interconnection Regional Advisory Body (WIRAB) appreciates the opportunity to submit advice to the WECC Board of Directors on the scope of WECC's 2020 Organizational Review. Section 4.9 of the WECC Bylaws requires the WECC Board of Directors, every five years and in collaboration with the Member Advisory Committee (MAC) and WIRAB, to conduct a thorough assessment of whether WECC fulfills its purposes in a manner that is consistent with its mission and vision.

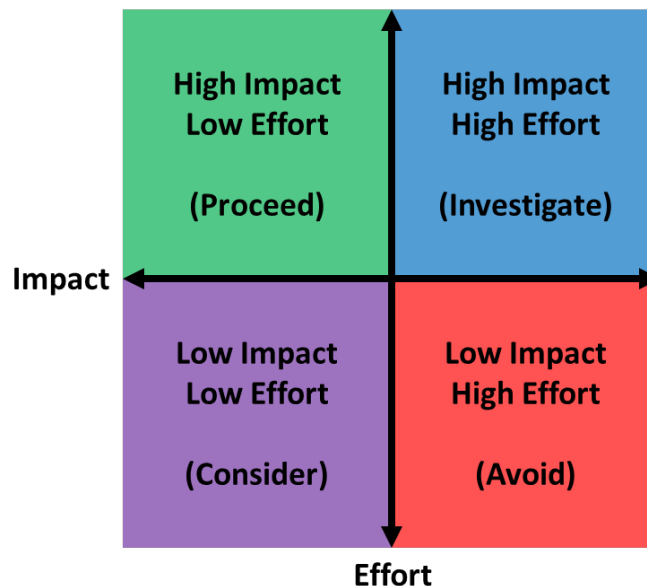
In 2015, WECC undertook a comprehensive review that restructured stakeholder committees and created new processes, including, among other changes, the creation of the Reliability Assessment Committee (RAC), a refocused Joint Guidance Committee, and the adoption of WECC's Strategic Planning Process. Over the past four years, the recommendations from the 2015 Organizational Review have been implemented, and although there have been minor refinements along the way, overall the implementation from the 2015 Organizational Review has been a success.

Organizational restructuring of the magnitude and reach of the 2015 Organizational Review takes time to implement and appreciate fully. Since that time, there has not been a significant change in the mission and vision of WECC. Therefore a comprehensive review of the organization is not necessary at this time. Instead, a focused and manageable review of WECC's structure, processes, and responsibilities can help improve WECC's efficiency, accountability, leadership, and independence within the industry.

WIRAB proposes using criteria to maintain the focus of the 2020 Organizational Review and to determine what areas of the organization require evaluation. WIRAB used the following subjective criteria to apply to review activities and potential focus areas:

- **Effort:** Subjective scale of how much effort it will take make a difference
- **Impact:** Subjective ranking of the potential benefit to the organization.

With these criteria, the WECC Board can focus the review on activities that will have a **High Impact** and require **Low Effort**, avoid areas with **Low Impact** and require **High Effort**. The WECC Board may consider and investigate activities that have either a **High Impact** but require **High Effort** or a **Low Impact** but also require **Low Effort**. By analyzing activities using these criteria, the 2020 Organizational Review will remain focused on a few issues rather than addressing the breadth of all possible issues.



WIRAB applied these criteria on several possible focus areas and activities that can improve WECC's efficiency, accountability, leadership, and independence within the industry and as a regional entity. The items WIRAB identified as focus areas for 2020 Organizational Review are:

- **Review WECC's role after the Reliability Coordinator transition (E-RC)**
- **Review oversight of WECC work products (A-Oversight)**
- **Improve opportunities to seek policy stakeholder input (L-Input)**
- **Improve the effectiveness of communication and outreach of important work products (L-Outreach)**
- **Improve how WECC tracks and disseminates industry performance metrics (L-Performance Metrics)**

WIRAB provides further detail below along with additional activities that could be investigated and considered as part of the 2020 Organizational Review, but bear in mind that these activities may expand the scope beyond what it manageable for the Board to address in 2020.

Efficiency:

WIRAB believes that there is an opportunity within the 2020 organizational review for WECC to increase committee focus which will improve the effectiveness and efficiency of stakeholder and subject matter expert participation in WECC processes. In this review, activities of potential focus include:

- **Review WECC's role after the Reliability Coordinator transition (E-RC) [High Impact / Low Effort]** This is a high impact and low effort activity because WECC delegated responsibility to maintain operational situational awareness of the Western Interconnection and it should consider the roles of the organization and its committees when there are additional RCs in the West. This activity will not require an extensive structural review within WECC, but it may impact the coordination and collaboration amongst RCs and other registered entities and improve WECC situational awareness. Since it can have a high impact with a low amount of effort, this is an activity

to **focus** on during the 2020 organizational review.

- **Review the effectiveness of the Reliability Assessment Committee (E-RAC) [High Impact / High Effort].** The RAC was created as a result of the 2015 Organizational Review, and it has been operating for a few years now. A review of the RAC would have a significant impact on the RAC, but also it would require a high amount of effort. The RAC was a primary focus of the 2015 Organizational Review that led to the restructuring of two committees, and it has only been operational for two years at this point. An evaluation of the effectiveness of the RAC may have an impact on improving the efficiency of the committee, but it may be premature at this time since the committee has yet to complete a study cycle. Although the implementation of the RAC has taken time, it is an activity to **investigate** further before it is included in the 2020 Organizational Review.
- **Review the Operating Committee and Market Interface Committee and their subcommittees for further consolidation (E-OC&MIC) [High Impact / High Effort].** During the 2015 Organizational Review, the OC and MIC conducted a significant review of their structures, and some consolidation occurred. Another review may still be necessary to improve the committees' efficiency through further mergers or restructuring, but a significant amount of effort will be needed. This activity is something to **investigate** in greater detail to determine if it should be included in the 2020 Organizational Review.
- **Review the reporting structure of all WECC Committees (E-Reporting Structure) [Low Impact / High Effort].** This activity is a low impact and high effort activity because it was considered during the previous organizational review and addressed how the committees report to the Board. The impact of changing the reporting structure is likely to be minimal, and the amount of effort to find a different structure may require significant effort. This activity should be something to **avoid** in the 2020 Organizational Review.

Accountability:

WIRAB believes that there is an opportunity during the 2020 Organizational Review for WECC to find ways to improve quality assurance of WECC work products and to improve its accountability to ensure that quality and timely work is released.

- **Review oversight of WECC work products (A-Oversight) [High Impact / Low Effort].** It is unclear how final work products are produced within WECC and who is accountable for the quality of the work. When the WECC Board sets a priority, clarification about how WECC will implement the Board's priority will help the organization deliver. A review and clarification of how oversight is provided to WECC work products would improve the quality of the work. This may only require minor tweaks to WECC processes may enhance the oversight of the WECC work products tremendously. Therefore it should be a **priority** for the 2020 Organizational Review.
- **Review WECC culture to embolden WECC staff (A-Culture) [High Impact / High Effort].** All organizations benefit when they have high-quality staff who support the mission and vision of the organization. The culture within an organization is always an important aspect of an organization to review, and giving the changeover in leadership since the 2015 Organizational Review; it may be appropriate to review internal culture to ensure there are opportunities for WECC staff to maintain support to the mission and vision of WECC. This activity would take significant

effort because culture can be so ingrained into an organization that it can be difficult to make a change, even if the change is necessary. Since it is a high impact, but likely require a high effort activity, it should activity to **investigate** further to determine if it should be part of the 2020 Organizational Review

- **Review WECC's internal structure (A-Internal Structure) [Low Impact / High Effort].** Similar to culture, there may be an opportunity to review the internal structure of the organization. The 2015 Organizational Review focused on external stakeholder committees, but WECC's internal structure is just as important. Although the internal structure is important, the impact of such review may not be significant enough to warrant review at this time since it would be a significant undertaking, therefore this activity should be something to **avoid** in the 2020 Organizational Review.

Leadership:

WIRAB believes that there is an opportunity during the 2020 Organizational Review for WECC to improve processes to produce work products that make a difference within the industry.

- **Improve opportunities to seek policy stakeholder input (L-Input) [High Impact / Low Effort].** WECC has made great strides with the WECC Strategic Planning Process to improve stakeholder input during that process, but there may be opportunities to improve policy input to the Board outside of the strategic planning process. WIRAB views this activity as something that can make WECC a leader within the industry by ensuring that WECC creates relevant work. It may only require minor tweaks within the organization and process to improve how WECC gains policy input. Therefore this activity should be a **priority** during the 2020 organizational review.
- **Improve the effectiveness of communication and outreach of important work products (L-Outreach) [High Impact / Low Effort].** When WECC creates valuable work products, it is vital to have effective external awareness about that work. Regulators and policymakers rely on independent analysis of the Bulk Electric System to inform regulation and policy. It is essential for WECC to ensure that the reliability assessments it completes are well communicated. This high impact, low effort activity should be a **priority** for the 2020 Organizational Review.
- **Improve how WECC tracks and disseminates industry performance metrics (L-Performance Metrics) [High Impact / Low Effort].** WECC has made efforts to improve the WECC State of the Interconnection report and dashboard, but the yearly aggregate data only provides a single data point and snapshot of the health of the interconnection on an annual basis. It is of high value to report additional metrics that can be tracked on the State of the Interconnection website to improve users' understanding of the interconnection throughout the year. This activity would require substantial effort if it entails new increments of data collection and data sharing requirements. However significantly more can be accomplished, particularly with regard to the evaluation of meaningful resource adequacy metrics and near-real-time operational metrics that can be done with existing collected data. With collaboration among registered entities and states, this could provide significant value to the interconnection. This activity should be a **priority** in the 2020 Organizational Review.
- **Review the effectiveness of the WECC Strategic Planning Process (L-Strategic Plan) [Low**

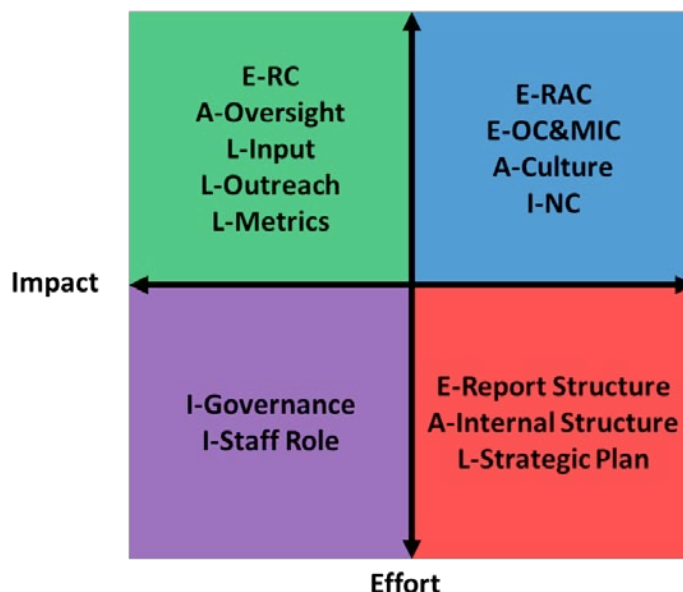
Impact / High Effort]. WECC established the WECC Strategic Planning Process following the 2015 Organizational Review and recently completed the first cycle of that process. The success of the WECC Strategic Planning Process would be difficult to measure at this time, and the overall impact of such review may be small. Although at some point, the WECC Strategic Planning Process may need to be reviewed for its effectiveness, it is premature at this time, and this activity should be something to **avoid** in the 2020 Organizational Review.

Independence:

WIRAB believes that there is an opportunity during the 2020 organizational review for WECC to evaluate its success in achieving organizational independence.

- **Review NERC Independence Governance Principles (I-Governance) [Low Impact / Low Effort]**. NERC released a set of draft governance principles for Regional Entities to comment on in December 2018. These were developed to support Regional Entities needing improvement in the independence of the organization. A low impact (high impact for the ERO Enterprise) and low effort activity for WECC to pursue is to review those principles and offer any suggestions for improvement to those principles, if necessary. This activity is something to **consider** for the 2020 Organizational Review, and it may lead to additional organizational review activities to improve the independence of the organization.
- **Review the structure of the Nominating Committee to adhere to a finalized set NERC Independence Governance Principles (I-NC) [High Impact / High Effort]**. A high effort activity and next step in dealing with the NERC Independence Governance Principles is to review the structure of the Nominating Committee and other governance structures to determine how WECC can adhere to the principles. This review may not culminate into a significant impact within the organizational structure, but it will have a significant impact by demonstrating to the rest of the ERO Enterprise that WECC strives to remain independent in its operations. This activity would have a high impact and should be **investigated** to determine if it should be part of the 2020 Organizational Review.
- **Review the role of the WECC Staff within the WECC committee structure (I-Staff Role) [Low Impact / Low Effort]**. WECC's mission is to "mitigate risks to the reliability and security of the Western Interconnection," yet the role of WECC staff within its committees is a role of support. There may be an opportunity during the 2020 Organizational Review to review the responsibilities of WECC staff within these committees and to give a more formal voice in the deliberations within the committees. This may be a low impact and low effort activity because WECC staff already play a vital role by supporting the committees and the impact of expanding WECC staff role, like giving them formal vote, may be minimal. This activity is something to **consider** in the 2020 Organizational Review.

Below are the potential activities mapped into the Effort vs. Impact Matrix:



WIRAB hopes this advice helps the WECC Board scope the upcoming 2020 Organizational Review. Although this effort identified focus areas that WIRAB believes are priorities for the organization, it is not a comprehensive analysis, and further considerations should be made based the input from Board Directors, the WECC Executive Team, the MAC, and individual WECC members and stakeholders. The WECC Board should continue to apply the Effort / Impact Criteria to other focus areas that are proposed. During the course of the 2020 Organizational Review, the Effort / Impact Criteria can be expanded to include medium impact and effort ranking criteria as well as opportunities to quantify the effort and impact for the proposed activities. It will remain important to maintain a manageable 2020 Organizational Review that can still have a positive impact on the organization over the next five years and beyond.