

NERC 2024 Business Plan & Budget

Electricity Canada appreciates the opportunity to provide feedback on NERC's draft 2024 Business Plan and Budget.

As the voice of the electricity sector in Canada, Electricity Canada is an advocate of NERC's international standard-setting model, and offers these comments in the spirit of strong and continuing cooperation.

Increased Budget and Assessment Costs

Electricity Canada continues to recognize the significance and relevance of NERC's strategic areas of focus in a rapidly changing environment. We appreciate the work that NERC has done to support a three-year plan that can be referenced as a shared roadmap, as well as efforts NERC has undertaken to contain costs, such as alternating in-person and virtual meetings.

At the same time, industry continues to face certain challenging realities.

Some entities are operating within budgets defined by rates or multi-year revenue requirements applications which were submitted several years ago, and did not anticipate such historically high increases in assessments. Additionally, regulatory environments vary across the NERC ecosystem, and not all entities are able to pass along increased costs in the same way.

Electricity Canada urges NERC to continue briefing Canadian regulators on budgets and projections, to ensure that the driving motivators for cost increases are recognized and well understood. We appreciate the efforts made on this already, including at the May 2023 CAMPUT meeting. It is imperative that these efforts continue to increase in parallel with the assessment increases. In our view, continued, two-way dialogue is fundamental to ensuring that Canadian entities can maintain the reliability of the grid, while being able to recover costs.

We recognize that NERC is not immune from pressures of pace and capacity. Nonetheless, Electricity Canada must reiterate that the ability to flow-through costs varies for assessment-paying entities, and it is critical that NERC continue to seek opportunities to achieve budget stabilization relative to registered entities' financial situations.

Business Plan Scope

In the last year, Electricity Canada has observed an increasing number of directives to NERC from the Federal Energy Regulatory Commission which will require additional financial and personnel resourcing. Canadians are committed to ensuring grid reliability and security, and appreciate the motivations for these actions. At the same time, a risk-based approach is critical to prioritizing

613.230.9263

info@electricity.ca

electricity.ca | electricite.ca

1500-275 Slater Street

1500-275, rue Slater

Ottawa, Ontario K1P 5H9





resources and efforts, and this risk prioritization may be influenced by significant regional or jurisdictional factors.

For example, the risks of extreme cold weather and certain physical security threats – and the strategies available and appropriate for their mitigation – present different considerations in a Canadian context. We recognize and appreciate the importance of guarding against these risks to reliability in the integrated grid, but equally so, NERC must take care not to divert finite industry capacity and resources from regions which have different risk calculations, based on their maturity or context.

Closing Comments

Electricity Canada appreciates NERC's stakeholder engagement regarding the draft 2024 Business Plan and Budget. We trust that this dialogue can contribute to improving the path forward in a complex environment, and that the issues outlined in this letter will be given due and fair consideration.

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Contact:

Francis Bradley
President & CEO
Electricity Canada
Bradley@electricity.ca

