



Sector 8 Policy Input for the NERC Board of Trustees & Member Representatives Committee

August 11-12, 2021 Meetings

ELCON, on behalf of Large End-Use Consumers, submits the following policy input for the consideration of NERC's Board of Trustees (BOT) and the Member Representatives Committee (MRC). It responds to BOT Chair Ken Defontes, Jr.'s July 7, 2021 letter to Paul Chowdhury, Chair of the MRC.

SUMMARY

Large Consumers (Sector 8) support the efforts by the Federal Energy Regulatory Commission (FERC) and NERC regarding their joint inquiry into the February 2021 event that affected Texas and parts of the southern central United States.

- 1. What other activities, if any, should the ERO Enterprise pursue in preparation for the upcoming winter?** Large Consumers ask that NERC: (1) consider the variance in costs and benefits of weather resilience practices across regions, (2) utilize a cost-benefit analysis to justify any new or modifications to existing policies, procedures, or programs, and (3) provide guidance on the incremental effect of weatherization on loss of load probability.
- 2. What additional steps should be taken by industry to address preparations for upcoming winter extreme events?** The private sector and large consumer community have every incentive to ensure the preparedness of our systems and are implementing regionally specific lessons learned to ensure cost-effective and reliable service.

ERO Enterprise Activities

NERC BOT Chair Ken DeFontes, Jr.'s July 7, 2021 letter highlights additional efforts that the ERO Enterprise proposes to undertake in order to evaluate industry preparedness for the upcoming 2021/2022 Winter season, given that new Cold Weather Mandatory Reliability Standards will not go into effect before the upcoming winter. Large Consumers agree that several regions in the U.S. could have more effectively managed the effects of the extreme winter weather conditions to the bulk electric system in the 2020/2021 Winter season that led to widespread, extended outages and other electric service interruptions. In order to ensure reliable service for the upcoming winter season, and better preparedness for extreme conditions, NERC has proposed to engage in industry outreach to provide guidance for cold weather preparedness. The ERO Enterprise proposals introduced in Chair DeFontes, Jr.'s letter appear reasonable, and we appreciate the opportunity to review and comment. One suggestion

is to ensure that targeted outreach manages to engage those entities and organizations that are not regularly engaged in the ERO process and activities. Registered Entities that do not regularly sit on committees or working groups would be a good target audience for Regional Entity outreach. A large percentage of Registered Entities are actively engaged and therefore fully aware of the need for preparation and the availability of NERC and Regional guidelines and assistance. It is most likely that the smaller population of Registered Entities who are not regularly engaged could benefit most from new and/or increased outreach efforts.

Large Consumers place a particularly high value on electric reliability and thus have a strong interest in mitigating service interruptions due to extreme and unprecedented weather conditions. Industry outreach to educate Registered Entities is a cost-effective and necessary means to mitigate service interruptions in the upcoming winter season until the recently approved Cold Weather Reliability Standards go into effect. However, in considering additional measures beyond what is laid out in the July 7 letter, the ERO Enterprise must consider costs and benefits to consumers and recognize that a one-size-fits-all solution or requirement could impose unnecessary costs that do little to address regional challenges.

First, the ERO Enterprise should consider the variance in costs and benefits of weather resilience practices across regions. For example, infrastructure in traditionally frigid areas may already have robust winter hardened infrastructure and cold weather preparedness procedures in place. As observed during the February 2021 winter storm, the locations where milder weather is the norm were unprepared to manage system failures and supply interruptions given the unprecedented extreme cold temperatures for an extended period. These areas will be most in need of awareness and best practices for extreme weather improvements as well as any other mitigation measures that the ERO Enterprise may determine necessary.

Second, recognizing that broad, uniform requirements fail to take into consideration regionally-tailored winterization procedures, the ERO Enterprise must also undertake a cost/benefit analysis to ensure that unnecessary costs are not imposed on consumers. Gold-plating infrastructure to harden the system against any and all potential weather interruptions would be costly and provide little benefit to consumers for a one in ten-year event.

Finally, the ERO Enterprise should analyze and provide information about the incremental effect of weatherization on loss of load probability to understand the benefits that they can compare against the cost of more robust weatherization. Such an analysis will help inform what measures are less costly than interrupted service and to what extent mitigation measures outweigh loss of load. Such information is vital for industry to understand the most cost-effective and beneficial hardening practices and procedures for reliability.

Additional Steps to be Taken by Industry

Winter preparedness (reliability and resilience measures generally) is most effective and economical when it derives from voluntary, risk-informed decisions by the private sector. Therefore, Large Consumers do not recommend additional industry requirements for winter preparedness. Rather, industry should employ lessons learned to their unique circumstances

Thank you for your consideration.