



## NPCC 2008 Corporate Goals

The Board of Directors of NPCC have established the following corporate goals for 2008 which are consistent with the evolving long term strategic direction of the corporation and the already approved work plans for the program areas identified in the 2008 NPCC Business Plan & Budget approved by the then NPCC Inc. and NPCC CBRE BODs on July 9, 2007, and conditionally approved by FERC on October 18, 2007.

Corporate Goals are a tool used by the NPCC BOD to assess the corporation's performance. They are designed to link corporate incentives to the execution of strategic priorities and accordingly may be modified should those priorities change in the course of the year. While the Board relies on these goals as the starting point for assessing the corporation's performance, the final assessment will also reflect the Board's judgment as to the corporation's performance in light of circumstances that unfold over the year. In its assessment of the corporation's achievement of the identified key metrics following, the Board will consider sequential performance against identified threshold, target and stretch goals.

### **Gateway Goal:**

Budget Administration is interwoven with all other goals and must be met before attainment of any of the other goals can be evaluated. The Board of Directors of NPCC is charged, consistent with the Variable Incentive Program, with targeting funds in annual budgets for at risk compensation funding purposes.

#### *A. Budgetary Control and Resource Allocation*

Operate within approved NPCC corporate budget plus any approved applications from operating cash reserves to fulfill its responsibilities and exercise its authorities as a Regional Entity, through the Regional Entity Division, using ongoing reprioritizations of activities to efficiently accomplish corporate goals and successfully achieve corporate objectives. Allocate Full Time Equivalents to provide consistency among NERC and other Regional Entities, and separate costs associated with delegated authorities under U.S. legislation and applicable Canadian Provincial Memoranda of Understanding or governmental agreements, from regionally-specific criteria services. Develop distinct budget and business plan and allocate costs appropriately for criteria services division among the ISO/BAs. Offer allocation methodology alternatives to the NPCC Board in the Compliance, Organizational Registration and Certification program area. Provide NPCC employees with training, human resource support and professional development opportunities to improve overall productivity.

<b>Goals</b>	<b>Threshold</b>	<b>Target</b>	<b>Stretch</b>	<b>Weight</b>
<b>Goal #1. Executive and Administrative Program</b>	Implementation of revised Regional Delegation Agreement (RDA) and Canadian MOU. Incorporation by NERC of at least 60% of NPCC BOD and Executive policy input	Implementation of revised RDA, existing Canadian MOU, and development of additional MOUs/Agreements. Incorporation by NERC of at least 75% of NPCC BOD and Executive policy input. Increase membership in under-represented sectors.	Implementation of revised RDA, existing Canadian MOU, and all executed Canadian MOUs/Agreements. Incorporation by NERC of at least 90% of NPCC BOD and Executive policy input. Increase involvement of under-represented sectors.	15
<b>Goal #2. Reliability Standards Program</b>	Develop three Regional Standards Authorization Requests, and develop first drafts of two Regional Standards, utilizing the NPCC Regional Reliability Standards Development Procedure and web-based tools by 12/08.	Develop four Regional Standards Authorization Requests, develop first drafts of three Regional Standards and receive NPCC General Member approval of one Regional Standard by 12/08.	Develop five Regional Standards Authorization Requests, develop first drafts of three Regional Standards and receive NPCC General Member approval of one Regional Standard by 12/08.	20
<b>Goal #3a. Compliance Monitoring and Enforcement Program</b>	Develop a feedback process for the implementation of the Compliance Monitoring and Enforcement Program to: a) improve compliance processes; b) enhance NERC and Regional Reliability Standards and Regional Criteria; and c) enhance registered entity awareness of reliability responsibilities, for Compliance Committee endorsement by 12/08	Implement Compliance Committee endorsed process for utilizing CMEP implementation feedback. Review and catalogue feedback obtained from all sources including compliance self-certifications, compliance audits, registered entity inquiries and compliance workshops by 9/08	Develop action plan to implement recommendations endorsed by Compliance Committee to: a) improve compliance program processes based on CMEP feedback; b) enhance NERC Reliability Standards, Regional Reliability Standards and Regional Criteria contained in NPCC Compliance Program and c) improve registered entity awareness of reliability responsibilities by 12/08	15
<b>Goal #3b. Organization Registration &amp; Certification Program</b>	Clarify relationship between NERC requirements for registered entities and NPCC A-10 implementation of the Bulk Power System definition by 7/08	Re-verify NPCC Compliance Registry using updated NERC registration requirements by 9/08	Identify NPCC Full Member functional model responsibilities for meeting NPCC Criteria compliance based on implementation of A-10 methodology, and integrate the NPCC Criteria into the CDAA through NPCC Directories by 12/08	5

<b>Goals</b>	<b>Threshold</b>	<b>Target</b>	<b>Stretch</b>	<b>Weight</b>
<b>Goal #4. Reliability Readiness Evaluation &amp; Improvement Program</b>	Coordinate six NERC Reliability Readiness Evaluations for Transmission Owners in NPCC by 12/08	Establish process for the review of all recommendations presented in NERC Readiness Evaluations, summarizing reliability trends and lessons learned by 12/08	Implement RCC endorsed process to conduct and coordinate pre-operational readiness evaluations in preparation for NERC certification of functional entities by 12/08	10
<b>Goal #5. Training, Education &amp; Operator Certification Program</b>	Establish the necessary training requirements for new entities seeking certification or entities recently certified by 12/08	Identify the training needs for new operational tools recommended by the report of the NERC Real-time Tools Best Practices Task Force by 12/08	Implement RCC endorsed training among Reliability Coordinators of new operational tools recommended by the report of the NERC Real-time Tools Best Practices Task Force by 12/08	5
<b>Goal #6a. Reliability Assessment &amp; Performance Analysis Program</b>	Identify possible changes to provide for a more robust NPCC Underfrequency Load Shedding Program as a reliability safety net by 11/08	Complete study report and recommend changes to provide for a more robust NPCC Underfrequency Load Shedding Program as a reliability safety net by 11/08	Obtain RCC approval of report, recommendations and implementation plan that will provide for a more robust NPCC Underfrequency Load Shedding Program as a reliability safety net by 11/08	10
<b>Goal #6b. Reliability Assessment &amp; Performance Analysis Program</b>	Document performance and the assumptions used in NPCC reliability assessments regarding the modeling of intermittent (wind) resources by 11/08	Recommend guidelines that should be followed in NPCC reliability assessments regarding the modeling of intermittent (wind) resources by 11/08	Obtain RCC approval of the guidelines to be used in NPCC reliability assessments regarding the modeling of intermittent (wind) resources by 11/08	10
<b>Goal #6c. Reliability Assessment &amp; Performance Analysis Program</b>	Identify current deficiencies, and needed revisions, to NPCC Regional Reliability Plan by 06/08	Publish an updated and revised RCC approved NPCC Regional Reliability Plan by 09/08	Publish an updated and revised RCC approved NPCC Regional Reliability Plan incorporating the Transmission Planning function by 12/08	5
<b>Goal #7. Situation Awareness Program</b>	Coordinate and integrate a daily situational awareness interface between the NPCC Reliability Coordinators and NERC for input to FERC by 06/08	Coordinate and integrate emergency communications protocols between the NPCC Reliability Coordinators and NERC by 09/08	Activate an operational emergency communication system for system operators and NPCC staff utilizing a common satellite phone protocol by 11/08	5

**Components of Goal #1 – Executive & Administrative:**

**A. NPCC Regional Entity Administration**

Cost-effectively implement the revised Regional Delegation Agreement and existing Canadian Provincial Memorandum of Understanding. Develop, execute and implement additional Canadian Provincial MOUs/Agreements in concert with applicable Canadian

regulatory and/or governmental authorities. Exercise delegated authorities and fulfill delegated responsibilities through the development of Regional reliability standards, regionally-specific, more stringent reliability criteria and execution of compliance monitoring, assessment and enforcement including the imposition and/or recommendation of monetary sanctions as authorized and appropriate. Recommend equitable allocation methodology for non-socialized Compliance Monitoring and Enforcement Program costs for entities outside of the U.S. Identify necessary attributes and develop a successful corporate office relocation strategy.

*B. Strategic Direction*

Provide policy direction to NERC Board, NERC executive management, stakeholders, Regional Entity executives and industry Chief Executive Officers. Influence financial policy through participation in the NERC Regional Entity Budget Group to align assigned costs with ERO obligations required.

*C. Governmental and Regulatory Liaison*

Represent NPCC reliability interests, interact and coordinate with Federal/State/Provincial regulatory and/or governmental authorities.

**Components of Goal #2 – Reliability Standards:**

*A. Regional Reliability Standards Development*

NPCC as part of its charge from the NERC ERO will be developing a minimum of four Regional Reliability Standards. The companion NERC Reliability Standard for each of these will provide NPCC with a standard template of what requirements must be in the regional standard. The ERO is expected to provide three of these templates in 2008 according to the NERC Work plan and considering current work underway.

- Initiate development of four regional standards mandated by the ERO utilizing the NPCC Regional Reliability Standard Development Procedure
  - Special Protection Systems
  - Balancing Authority Controls
  - Disturbance Monitoring
  - Underfrequency Load Shedding
- Initiate and give high priority to development of a regional standard for classification of the NPCC Bulk Power System
- Identify additional future regional standard opportunities by developing a set of Regional Reliability Directories incorporating the ERO Reliability Standards, Regional Standards and regionally specific, more-stringent Criteria
- Draft proposed standards utilizing regional technical committees
- Accomplish all directives of ERO and U.S. and Canadian Provincial governmental and/or regulatory authorities with regard to regional standards development and procedures

*B. ERO Standards Development*

Through participation on the NERC Standards Committee, Regional Reliability Standards Working Group, and Drafting Teams, and coordination of all standards related activities, accomplish the following objectives on an ongoing basis:

- Coordinate the development of ERO reliability standards within the existing and revised NERC work plan
- Conduct thorough reviews of all NERC standards being developed or revised and coordinate comments for Northeastern North America

- Solicit technically qualified candidates from Northeastern North America to participate on each of the NERC drafting teams
- Review and develop comments on FERC preliminary staff assessments as appropriate
- Provide recommendations to the NPCC Members of the NERC Registered Ballot Body and directly participate in ballots for ERO standards
- Review and develop comments on FERC Notice of Proposed Rulemaking (NOPR) for any and all standards related issues as appropriate
- Evaluate proposed standards utilizing regional technical committees
- Advise stakeholders and regulators about issues related to standards development

**Components of Goal #3a – Compliance Monitoring & Enforcement:**

*A. Threshold Goal: Development of CMEP Enhancement Process*

Develop and document a process for the enhancement of the NPCC CMEP based on feedback obtained during the implementation of the 2008 CMEP. The implementation of the 2008 CMEP, incorporating all NERC Reliability Standards contained in the NERC monitored list and any applicable NPCC Regional Standards and NPCC Criteria includes the following:

- Monitoring and assessment of all compliance data submittals
- Conduct of the 2008 Compliance Audit Program including:
  - Performing 116 scheduled audits (on-site and off-site)
  - Performing approximately 200 spot checks
  - Performing Compliance Violation Investigations as necessary
- Notification of all Registered Entities that have been identified as having a compliance violation
- Determination of the appropriate penalty and sanction for all identified compliance violations
- Carrying out of settlement procedures, when appropriate
- Holding of compliance hearings, when necessary
- Conduct of two Compliance Workshops in 2008

The process will consist of developing and formalizing feedback mechanisms that will enable the NPCC Compliance Staff to improve CMEP processes, enhance Reliability Standards and improve registered entity awareness. The process will be presented to the Compliance Committee for endorsement.

*B. Target Goal: Implementation of CMEP Enhancement Process*

To implement the CMEP Enhancement Process the NPCC Compliance Staff will develop the above mentioned feedback mechanisms in the form of feedback forms, questionnaires, surveys, on-line input, compliance workshops and direct communication with Registered Entities. The Compliance Staff will review all feedback received during the implementation of the CMEP. This could include the review of compliance submittals, results of compliance audits and spot checks, and comments and questions received from Registered Entities.

*C. Stretch Goal: Action Plan to Implement CMEP Enhancements*

Develop enhanced CMEP processes based on registered entity feedback, Compliance Staff implementation, and NERC, FERC and/or Canadian Regulatory Authority input and present them to Compliance Committee for endorsement. Additionally, utilizing knowledge regarding the implementation of the Reliability Standards, present

recommendations and revisions to the NERC or Regional Reliability Standards, and to NPCC Criteria to the Compliance Committee for implementation. The compliance Staff will also utilize feedback it obtained during the implementation of the 2008 CMEP to increase the awareness of registered entities of their responsibilities as they relate to the CMEP.

**Components of Goal #3b – Organizational Registration:**

- A. *Threshold Goal: Clarification of Relationship Between A-10 BPS listing and NERC Compliance Registry Requirements*
- Seek NPCC Compliance Committee endorsement regarding the clarification of the relationship between A-10 BPS listing and NERC Compliance Registry requirements.
  - Present to NERC and FERC the NPCC performance based BPS definition, including the development of the A-10 methodology and a summary of the analysis used to develop A-10 BPS listing.
- B. *Target Goal: Review Compliance Registry and re-verify all Registered Entities*
- Conduct Entity Verification Survey
  - Contact and/or meet with appropriate entities (e.g. ISO's, individual Registered Entities, etc.) to verify current Compliance Registry
- C. *Stretch Goal: Identify NPCC Full Member functional model responsibilities for meeting NPCC Criteria*
- Identify registered entities that need to meet NPCC Criteria
  - Integrate NPCC Criteria requirements into CDAA Application and NPCC Directories

**Components of Goal #4 – Reliability Readiness Evaluation & Improvement:**

- A. *Analyze the Recommendations of the Readiness Evaluation Program*  
Develop a process in which lessons learned and examples of excellence can be gleaned from the assessment of all recommendations put forward in the NERC Reliability Readiness Evaluation and Improvement Program. Conduct a periodic analysis of the recommendations on an industry-wide basis to identify emerging reliability trends, possible areas of weakness in current operations and the possible need for new Reliability Standards.
- B. *Direct Readiness Evaluation Program in NPCC*  
Co-lead the Readiness Evaluations for six NPCC Transmission Owners and monitor the successful conclusion of the recommendations emanating from these reviews.

**Components of Goal #5 – Training, Education & Operator Certification:**

- A. *Training for Newly Certified Entities*  
Establish the necessary training requirements for new entities seeking certification or entities recently certified. Develop a schedule and process for carrying out the training for entities seeking certification.

**B. Training in Emerging Tools**

Identify the training needs to coordinate the implementation of real time tools necessary to maintain continued cyber security. Identify the necessary training requirements for new operational tools recommended by the report of the NERC Real-time Tools Best Practices Task Force. Establish a coordinated program to implement this training among the Reliability Coordinators of NPCC.

**Components of Goal #6a - Reliability Assessment & Performance Analysis:**

**A. Underfrequency Load Shedding Program Adequacy Assessment Follow-up**

Complete the follow-up studies recommended in the report on the UFLS Adequacy Assessment approved in 2007. The threshold level identifies possible changes to enhance the NPCC UFLS Program based on result of the follow-up work on the UFLS Adequacy Assessment; the target level completes the report and finalizes the proposed recommendations; the stretch level calls for RCC approval of the report and UFLS implementation plan by November 2008. The requirements generated by the effort will then be incorporated into NPCC Regional Reliability Reference Directory Number 2, "Emergency Operations."

**B. August 14, 2003 Blackout Follow - up Analysis**

- Develop and achieve RCC approval of the scope and work plan for an evaluation of mitigation measures that improve the ability of NPCC systems to withstand major system disturbances originating from a wide range of initiating conditions.
- Complete blackout study recommendation to enhance the security of the protection of the Homer City – Watercure and Stolle Road 345 kV lines
- Complete mitigation plan for Protection Review Program Beyond Zone 3 and report to NERC

**C. Model Development and Improvement**

Verify that the data assumptions used in the NPCC regional system model are accurate and appropriate representations of actual equipment characteristics.

- Develop NPCC guidelines for load modeling in power flow models
- Complete NPCC whitepaper on Governor Modeling
- Develop the 2008 Series load flow and dynamic models
- Implement process to enhance model development process

**Components of Goal #6b - Reliability Assessment & Performance Analysis:**

**A. Modeling of intermittent (wind) resources in reliability assessments**

The focus is to address the growing importance of reliably integrating the proposed levels of intermittent (wind) resources anticipated for the future. The threshold level documents historical performance and the assumptions used in NPCC reliability assessments regarding the modeling of intermittent (wind) resources, the target level builds on this review by preparing a recommended guideline for modeling, and the stretch level obtains RCC approval of the guideline by the November 2008 meeting. This goal directly addresses the TFCP, TFSS, and TFCO concerns presented at the RCC meetings in 2007.

**B. Reliability and Adequacy Assessments**

Investigate ways of incorporating probabilistic risk assessment techniques into the NPCC resource adequacy reliability reviews of the planned NPCC bulk power system.

- Complete comprehensive pre-seasonal multi-Area probabilistic and operational security assessments of NPCC resource and transmission adequacy integrating the latest ReliabilityFirst, PJM and MISO model representations
- Participate in ERAG, NERC and MMWG efforts to improve the timeliness and accuracy of Wide-Area regional transmission model representations used for long-term planning and event analysis
- Review the Bulk Power System (BPS) Protection Catalogue and complete the NPCC Bulk Power System Protection Risk Assessment
- Achieve RCC approval of the study scope and work plan of the NPCC Overall Transmission Adequacy Study, and begin initiation of the study

**Components of Goal #6c - Reliability Assessment & Performance Analysis:**

*A. Regional Reliability Plan*

To ensure compliance on the part of an audited entity, a current Regional Reliability Plan must be available. The NPCC Regional Reliability Plan requires updating, approval and publication by the end of the calendar year 2008. In parallel, the Transmission Planning function is being finalized for inclusion in the NERC Reliability Functional Model, and this concept must be integrated into the Regional Reliability Plan as well the release of the next version of the NERC Reliability Functional Model.

**Components of Goal #7 - Situational Awareness:**

*A. Situation Awareness Tool*

The Situation Awareness Tool (SAT) pilot project for operational entities in the United States will be used by the Federal Energy Regulatory Commission (FERC) to attempt to monitor the overall state of reliability in North America. This tool will provide a very high level, graphically based representation of selected reliability indicators, and it will provide the capability to provide more detailed information in the event that a potential emergency situation is evolving. Following a demonstration phase, it is anticipated that a data feed will be implemented, and two to three Reliability Coordinator Areas will be connected annually until all Reliability Coordinator Areas are included. Until the SAT is fully functional, a daily morning spreadsheet will be prepared by the Reliability Coordinators for submission to FERC, gleaned currently available data available on the public web sites of the Reliability Coordinators.

*B. Enhance System Preparedness*

Utilize the situational awareness tools to assist in the identification of necessary actions to respond to threats to the security of the power systems and enhance communications to more rapidly disseminate critical information during emergency conditions.

*C. Emergency Telecommunications Coordination*

Coordinate the implementation of satellite phone protocols to enable NPCC Reliability Coordinators and Staff to implement the TFIST Cross-Border Emergency Communication Recommendation approved by the RCC in 2007.

*D. Cyber Security Standards Workshop*

Facilitate NPCC Members' consistent implementation of the Mandatory Reliability Standards for Critical Infrastructure Protection [FERC Docket No. RM06-22-000; Order No. 706], issued January 18, 2008 for U.S. entities.