



WECC

Strategic Planning Process Work Group (SPWG)

Final Recommendations

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Strategic Purpose

The SPWG was created by the Section 4.9 Review Committee to review the strategic planning process at WECC. The electric industry continues to experience a rapidly changing environment. The level of variable generation in the resource mix and the increased use of digital control technologies present new risks to the reliability and security of the electric grid. Additional risks and threats will undoubtedly continue to emerge. Considering the changes in WECC's operating environment, how should WECC address the following issues in its strategic planning process:

- With the ERO Enterprise revising its long-term strategy, how will these changes impact WECC?
- How can WECC improve and streamline its strategic planning process?
- How can WECC continue to align with the ERO Enterprise long-term strategy, while reflecting the uniqueness of the west?
- What are the long-term focus areas?
- How does WECC ensure member and stakeholder involvement in the strategic planning process?
- Is the bi-annual Western Reliability Summit a useful method to gather input for the strategic plan?
- How long should the strategic planning horizon be?¹

Background

WECC's strategic planning process has been evolving since the last Section 4.9 review. In the 2015 Section 4.9 Report, one recommendation proposed a strategic, three-year operating planning process to encourage strong working partnerships between the Standing Committees and the Member Advisory Committee (MAC). In 2016, the Board of Directors (Board) developed a Strategic Direction Outline which included five strategic focus areas. Also, in 2016 a 2017-2020 Operating Plan was developed. In 2017, the ERO Enterprise Framework was finalized, the WECC Strategic and Operating Planning Process was developed, and the 2018-2020 Operating Plan was revised to align with the ERO Enterprise Operating Plan. In 2019, NERC and the Regional Entities partnered to create an ERO Enterprise Long-Term Strategy, eliminating the three-year operating plan.¹

Work Group Approach

The SPWG initially discussed the Board-approved issue statements and the scope of the work to be performed as guided by the Board's "desired outcomes" for WECC's strategic planning process,

¹ Strategic Planning Process Issue Statement, approved by WECC's Board of Directors, December 4, 2019

outlined below. Ultimately, we focused on what we thought the best process would be for WECC as opposed to simply taking what exists and tweaking it to make incremental improvements.

Desired Outcomes

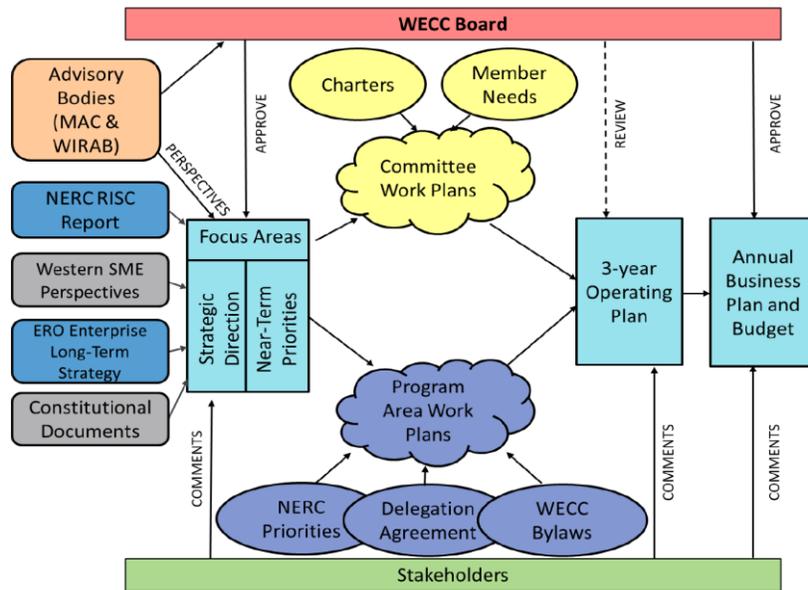
- The process provides a clear linkage to our desired vision of the future and the high-level actions that are required to get there.
- The framework is streamlined and simple to understand, creating a plan that has enough detail to envision the possibility without being too prescriptive or resistant to new possibility.
- The plan created by this process is broad in scope, encompassing in its opportunity, and focuses more on the “why, what, and who” rather than on the “how.”
- Stakeholders are satisfied because they understand their opportunities to engage, are plugged in at the right time, and can see value for themselves in it.¹

The SPWG discussed and analyzed the current strategic planning process and the Near-Term Priority development process, what components of each processes are working or not working as intended and why, and alternative solutions that would be the best for WECC to address the Board-approved issue statement and desired outcomes.

Graphic Representation

The Business Plan Model (Figure 1) is WECC’s current graphic representation of the development of the Strategic Direction Outline and the Near-Term Priorities. It was originally developed as a model and when viewed as such, it works. However, by many stakeholders, it is interpreted as a process. Over the past few years, many details have been added to the graphic to be responsive to stakeholder feedback. The addition of all the inputs and opportunities makes the diagram busy and confusing for some. The lack of simplicity coupled with the non-linear format and combination of two processes may detract from important elements of the model. Some details added, like the Delegation Agreement, are inherent or implied—we must operate within the bounds of our Delegation Agreement, so it does not need to be represented.

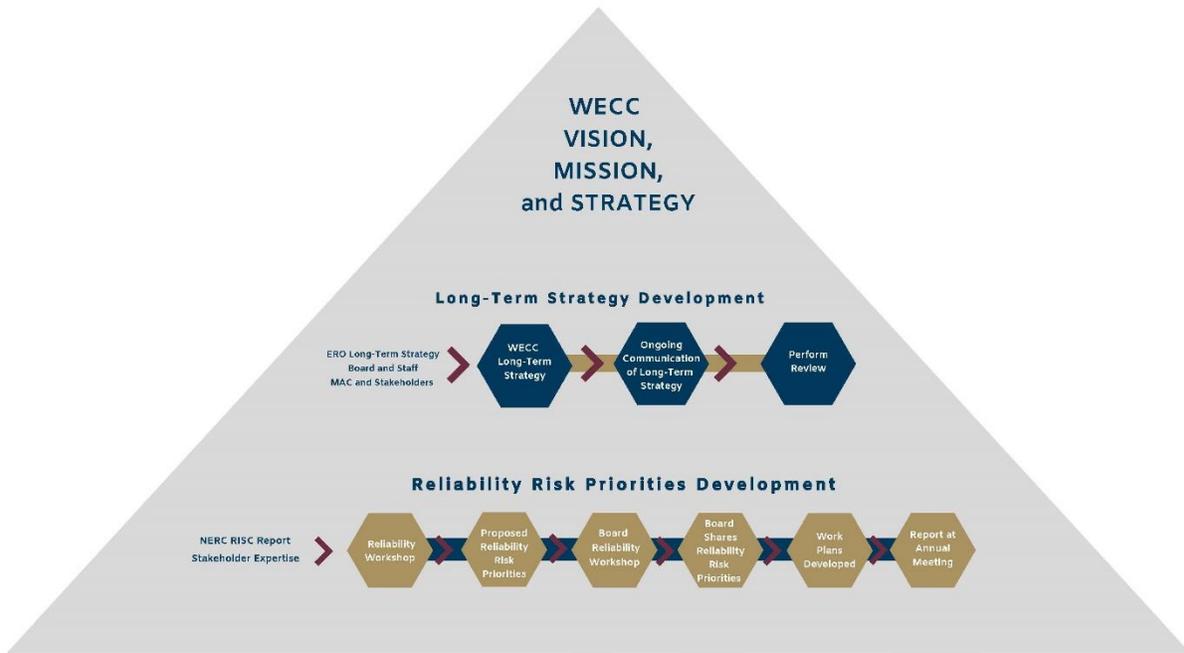
Figure 1: Business Plan Model



Recommendation

Figure 2 is the SPWG’s recommendation for a graphic representation of WECC’s overall strategy. WECC’s vision and mission should shape the organization’s long-term strategy as well as reliability risk priorities. This linear representation is simple and flexible. The SPWG believes that a linear representation of the processes would be the most appealing to our stakeholders. The diagram is high-level and easy to digest. The more details that are presented, the less flexible the visual becomes. Since many details that were incorporated into the Business Plan Model diagram have been eliminated, a companion document should be drafted that outlines the specifics of both processes. This document may reduce some stakeholder confusion surrounding the short- and long- term planning processes at WECC. The content will be covered in subsequent sections.

Figure 2: WECC Strategy



Strategy Nomenclature

The term, “Strategic Planning Process,” may be causing confusion amongst WECC’s stakeholders since the processes to determine the Near-Term Priorities and produce the Strategic Direction Outline do not fit the traditional definition of strategic planning. Additionally, the desired outcomes from this Section 4.9 review do not fit that definition either.

Recommendation

WECC should adopt a more traditional and widely understood term: Long-Term Strategy should replace Strategic Direction Outline and Strategic Planning Process. A strategic plan has more specific objectives and timelines—a strategy is more fluid and provides for more flexibility based on our organization and the environment in which we operate.

Long-Term Strategy Development

The SPWG discussed best practices for strategic planning and reviewed WECC’s Strategic Direction Outline development process. The Strategic Direction Outline is Board-approved and was developed through a participative process with the leadership of MAC and WIRAB, and shaped through stakeholder input obtained through an open comment period and town hall meetings. It sets strategic priorities for WECC staff and stakeholder committees over multiple business-planning cycles. These priorities, combined with other ERO-delegated activities, guide the development of WECC’s operating and business plans in the coming years. Various technical stakeholder committees also align their work

with these priorities. The strategy has a five- to seven-year time horizon and review is scheduled to occur every five years or as conditions warrant.

This document is currently working for WECC, however, it is somewhat duplicative of the recently approved ERO Enterprise Long-Term Strategy—WECC participated in its development and it is supported by the WECC Board. The nomenclature, however, is not working per the prior section of this document. The SPWG members believe the non-standard terminology is unclear from a stakeholder perspective unless someone has been involved in the process.

Recommendation

The SPWG recommends that WECC develop a long-term strategy with a five- to seven-year horizon, similar to the current state. Management should prepare it, with some mechanism for stakeholder input and feedback (not approval), and the Board should ultimately approve it (June Board meeting). The ERO Enterprise Long-Term Strategy is an excellent starting point for WECC's long-term strategy—it is representative of continent-wide risks, vetted through a stakeholder process, demonstrates alignment with the ERO, and all Regional Entity Boards have approved or endorsed it in some fashion. Beginning with the ERO Enterprise Long-Term Strategy also minimizes duplication of efforts. Management should determine how to leverage that document and shape it into the development of a long-term strategy that is appropriate for WECC and the environment in which it operates. The strategy should be formally reviewed every five to seven years based on changes in the environment in which WECC operates, and informally, every other year in even years or as conditions warrant (May Board Reliability Workshop).

There seems to be a consistent theme with stakeholders, in general, about what WECC's long-term strategy is and how it relates to the work WECC performs. The SPWG believes that a formal communications and outreach plan should be developed to ensure the right message is communicated to the right audiences at the right time using the appropriate format—this includes internal and external audiences. Everything that can be linked to the long-term strategy (and mission, vision, and risk priorities) should be. A small group of WECC stakeholders participates in the process currently, so a formal communications and outreach plan would reach a much broader and larger group of individuals and organizations.

To increase engagement and understanding, two-way communication should be increased. The SPWG suggests an interactive forum at the Annual Meeting in September each would be an optimal way to increase stakeholder engagement in and understanding of WECC's long-term strategy. This may also increase attendance at and participation in the Annual Meeting. Historically, communication of WECC's Strategic Direction Outline, after initial development, has been one-way, which is information dissemination, not communication. While periodic information dissemination is important, continual and interactive communication will help minimize confusion among WECC's stakeholders and employees as well as increase engagement.



Risk Priority Nomenclature

The term, “Near-Term Priorities,” may be causing confusion amongst WECC’s stakeholders since near-term implies tactical, shorter-term priorities rather than longer-term strategic priorities for the focus of the work.

Recommendation

WECC should adopt a term with a more strategic tone for risk-related strategic priorities. The SPWG recommends WECC Reliability Risk Priorities. Reliability should be in the name to emphasize the focus on reliability risks and WECC should be in the name to eliminate confusion with the risk priorities identified in the NERC RISC Report.

WECC Reliability Risk Priorities Development

The SPWG reviewed and discussed the current process for the Near-Term Priorities’ (NTP) development. The NTP are Board-approved and are developed through a participative process with subject matter experts, the MAC, and WIRAB. The process begins with the issuance of NERC’s RISC report in the fourth quarter of odd-numbered years. Those reliability risks are reviewed at the Reliability Workshop in the first quarter of even years. The Reliability Workshop provides an opportunity for the MAC, WIRAB, and technical committees to review the RISC Report in a western context and provide input on any other western-specific reliability issues. Staff then summarizes the input and content from the workshop for the Board to use as input at its Board Workshop in May. Following the Board Workshop, a final summary of recommended NTP is prepared for the Board for approval at the June Board meeting. There are opportunities for stakeholder comment between the Reliability Workshop and Board-approval of the NTP in June.

Once approved, the NTPs help shape the work undertaken by staff and committees in the three-year operating and work plans, which are updated annually and cover a rolling three-year period. Another input to the process is the Western Reliability Summit, which is held every other May in even years. It was structured to provide an opportunity for senior leaders across the industry to share thoughts and participate in discussions that will help shape and influence the direction of and priorities for WECC’s work and products over the coming years.

In general, the current process is working and produces a quality list of risk priorities facing the west that WECC addresses in its work and products. However, there are components of the process that are duplicative and ineffective. The SPWG thinks the most effective end result for the development of reliability risk priorities involves changing the process a bit and eliminating some of the current components.



Recommendation

The NTP development process is more involved than the strategy development process, so recommendations are presented by process component.

Communications and Outreach

Similar to the strategy development process, there seems to be a consistent theme with stakeholders, in general, about the NTP development process and how WECC's work relates to the NTPs. The SPWG believes that a formal communications and outreach plan should be developed to ensure the right message is communicated to the right audiences at the right time using the appropriate format—this includes internal and external audiences. Everything that can be linked to the NTP (and mission, vision, and strategy) should be. A small group of WECC stakeholders participates in the process currently, so a formal communications and outreach plan would reach a much broader and larger group of individuals and organizations and increase awareness, participation, and engagement. Communication and outreach should be focused on every stage and product of the WECC Risk Priorities development process.

NERC RISC Report

This is a thorough report providing key insights and priorities for issues related to the reliability of the Bulk Power System. This is a valuable and appropriate input to the development of WECC's risk priorities. A western view may be overshadowed by eastern or other views so unique western reliability-focused issues may not be represented. WECC should continue to use this report as an input and solicit western subject matter review of and input on the report.

Reliability Workshop

The biannual Reliability Workshop is a valuable starting point for the risk priority development process. The two workshops (2018 and 2020) have been well attended and stakeholders were engaged. They both produced comprehensive lists of common western reliability risks based on the expertise of the subject matter experts (SMEs). Continual improvement of formatting should be a focus to improve attendance, participation, and engagement. Additionally, communications and outreach are vital to attracting and engaging SMEs who have the expertise to evaluate reliability risks. Historically, this has been a RAPA event—there may be CMEP SMEs who have a different kind of expertise that would be just as valuable and WECC should broaden the target audience for the workshop. The SPWG would also like the MAC to increase member attendance, facilitation, and participation in the event as representatives of their classes.

The staff paper informed by the stakeholder input at the workshop is key to identifying reliability risks. It also serves as well-vetted input to the Board Workshop. The SPWG recommends that staff ensure the risk priorities are aligned with WECC's mission, vision, and long-term strategy in the paper.



Board Workshop

To tie all the strategy-related events together, the SPWG recommends changing the name of the Board Workshop to Board Reliability Workshop.

This workshop works well to solidify western risks to reliability. The SPWG believes this is also the right time and place to perform a biannual review of the long-term strategy to ensure that it is still appropriate and valid. If warranted, based on the operating environment, the Board should update WECC's long-term strategy.

This workshop is also the perfect time to ensure that WECC's vision, mission, long-term strategy, and reliability risk priorities are all aligned. This is a critical Board-oversight role.

There are no recommended changes to the output of the Board Reliability workshop other than increasing communication and outreach and outlining the alignment of WECC's mission, vision, long-term strategy, and risk priorities. The process to develop the paper of recommended risk priorities for June Board approval and to solicit feedback from stakeholders is working well.

Three-Year Operating Plan

WECC's three-year operating plan is based on the ERO Enterprise Operating Plan, which was eliminated in 2019. Some duplication exists between the operating plan and the work plans and the operating plan is rarely referenced. There are many documents and products associated with WECC's overall strategy, which may create confusion with stakeholders. Therefore, the SPWG recommends eliminating the three-year operating plan.

To ensure no valuable content is lost, three-year work plans and the annual business plan and budget should be bolstered and augmented if the operating plan is eliminated.

Western Reliability Summit

The Western Reliability Summit (WRS) does not seem to be functioning currently as intended. It is not attracting senior-level executives other than on the panels, and there is limited engagement and participation aside from the audience. It has captured the interest of stakeholders, but the format seems to be more appropriate for information dissemination than gathering input to risk priority development. The timing is also off for the risk priority development process—the WRS is held in May of odd years and reliability risk priorities are vetted beginning in the first quarter of even years. For these reasons, the SPWG recommends eliminating the WRS.

The SPWG also recommends using the technical session at the Annual Meeting to discuss the WECC Reliability Risk Priorities and Long-Term Strategy. The session should be interactive to increase engagement and awareness and demonstrate to stakeholders how their participation shaped the results.



Committee and Staff Work Plans

Committee and Staff Work Plans should be bolstered to ensure that no critical information is lost due to the elimination of the Three-Year Operating Plan. Additionally, WECC should increase efforts to highlight and communicate insights gained from WECC work and products that may be valuable to individuals outside of the technical committees. There are no recommended changes to the work the JGC performs related to the work plans.

Business Plan and Budget

The Business Plan and Budget should be bolstered to ensure that no critical information is lost due to the elimination of the Three-Year Operating Plan.

Closing??? Necessary?
