Feedback on Draft NERC 2025 Business Plan & Budget

Electricity Canada's member companies generate, transmit, distribute and market electric energy to industrial, commercial and residential customers across Canada and into the U.S. every day. These entities include provincially owned and investor-owned utilities; independent power producers; independent system operators; wholesale power marketers; and municipally owned local distribution companies. Several Electricity Canada members also own assets in the U.S.

We thank NERC for the opportunity to provide feedback on the draft NERC 2025 Business Plan & Budget (BP&B). Stakeholder engagement is a key element of the ERO Enterprise, and trade associations play a unique convening role. We hope that the following comments are informative in finalizing the BP&B for 2025.

Three-Year Plan

Electricity Canada notes that the increases proposed by NERC for 2025 closely align with those originally laid out in the three-year plan. We applaud and appreciate the work done to manage these costs, especially given the unexpected resource requirements for the Interregional Transfer Capability Study (ITCS).

The move towards a longer-term planning horizon has been very helpful in providing some certainty to industry. Even when unexpected priorities arose, the plan offered a common reference and baseline for discussions about how to proceed. While we recognize that longer horizons mean unexpected challenges, like the ITCS, will arise, there is still value in how the plan supports prioritization and decision making, and signals the trajectory of work to industry and regulators. We support NERC's efforts to develop a plan for 2026-2028, and look forward to engaging in this process.

Rising Industry Costs

Just as unexpected challenges arose for NERC throughout the 2023-2025 cycle, the electricity industry is also dealing with rising costs since the three-year plan was developed. Various factors – such as material costs, labour shortages, and supply chain challenges – are stretching registered entities' personnel and rate recovery.

While we recognize that there is no easy solution, Electricity Canada must emphasize again that the trajectory of consecutive, high increases – alongside regional increases, as well – is concerning to members, and may ultimately be unsustainable. Registered entities do not share the same mechanisms for passing along costs, and some are even regulated by multi-year rate plans prepared and approved before NERC's first three-year plan was submitted. We are encouraged by NERC's engagement with policymakers and regulators, but it is still currently a challenge for Canadian entities

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to pass along rate increases that are larger than inflation – or in some regions, following several years of rising costs, any increases at all.

With this in mind, we urge NERC to be very strategic about scope creep. Electricity Canada has not seen a strong consensus by industry that there is a need for additional FTEs to perform transmission assessments. It is also worth considering whether additional FTEs may invite further mandates or directives to NERC. The value which that work may deliver is not being questioned here. However, we do suggest that staffing which influences long-term scope or direction might be better addressed through the three-year planning process.

Closing Comments

We appreciate NERC's stakeholder engagement regarding the draft 2025 Business Plan and Budget. We trust that this dialogue can contribute to its development, and that the issues outlined in this letter will be given due and fair consideration.

Dated: June 26, 2024

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