

# Continuous Improvement

Public

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## Regulatory Excellence

### The Journey to Security, Resiliency and Reliability

*“We will chase perfection, and we will chase it relentlessly, knowing all the while we can never attain it. But along the way, we shall catch excellence.”*

— Vince Lombardi, NFL Hall of Fame head coach and namesake of the Super Bowl trophy

When the Kansas City Chiefs raised the Lombardi trophy in Super Bowl LVII, it was a culmination of months of preparation, discipline, determination, conquering adversity and improving their game plans and personnel. They weren't perfect by any means. They didn't win all 17 regular season games. They allowed teams to score on them during the season and during the playoffs. Most, if not all of the team played with injuries. But as they battled on that field that Sunday, they achieved excellence.

Similarly, the Electric Reliability Organization (ERO, collectively NERC and the Regions), has been on its own path of continuous improvement as we strive for excellence in regulation. In 2014, we introduced the [Reliability Assurance Initiative](#). We began focusing on internal controls and introduced new tools such as self-logging. The ERO continues to evolve today with our educational and outreach offerings, [E-learning modules](#), and [Assist Visit](#) program to help combat risks to reliability and security. Our evolution has led to new initiatives such as [state outreach](#), plus our online self-assessment tools to measure [resilience](#), detect insider threats, and implement security-based tabletops.

#### What makes a regulator excellent?

When I think about this question, I believe Cary Coglianese's [Listening, Learning, and Leading: A Framework for Regulatory Excellence](#) is instructive. There are certain core principles that make an excellent regulator, according to Coglianese, a University of Pennsylvania professor and founding director of the Penn Program on Regulation.

One of the most important characteristics of a regulator is

transparency, Coglianese writes. At RF, we created the Assist Visit program several years ago to offer transparent compliance, reliability and security guidance, and many entities have benefited from this program by meeting with us to discuss implementation guidelines, internal controls, and follow-ups to recommendations and areas of concern from audit.

Another key attribute is competence, and RF's knowledgeable staff is central to our mission of excellence in regulation. For the ERO, it's not enough to be subject matter experts in operations and planning and cyber and physical security. We need to know our entities and industry risks inside and out. This aligns with [RF's 2023-2027 Strategic Plan](#), which states *“RF works closely with the entities in our critical and unique Region to build a deep knowledge of our footprint.”* With this outlook in mind, RF strives to be a good listener to industry as well, formulating what we are hearing to adjust how we regulate. Through committees and standards drafting teams, entities can have direct input on how they are regulated.

Analytical capability also comes into play. This has been an improvement at RF and the ERO, as we have developed dashboards to measure and analyze our footprint through various metrics, helping us better communicate risk to our stakeholders.

And perhaps most important of all, Coglianese emphasizes that a regulator exists to serve the public interest. RF serves the public good and supports health and safety through preserving and enhancing the reliability, security and resilience of the grid. In service of this mission, we use the Compliance Monitoring and Enforcement Program (CMEP) to help drive industry toward continuous improvement and also offer our subject matter expertise as a

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resource to the states and [communities](#) in our footprint.

## How can CI concepts drive regulatory excellence?

The Define, Measure, Analyze, Improve, and Control (DMAIC)<sup>1</sup> Continuous Improvement (CI) model can be used in a vast array of CI initiatives, and it also applies to regulatory excellence:

**Define** – How does the regulator define excellence? In our industry, is it defined as keeping the lights on? Is it ensuring our entities are meeting their compliance obligations? Is it providing guidance to entities in many different forums in the interest of reliability? Is it having a highly knowledgeable staff? Is it having a risk-based focus on compliance? The answer is: yes, all of these, and more. As Bridget M. Hutter, professor of risk regulation at the London School of Economics and Political Science, [puts it](#): *“excellent regulators are those who appreciate both the limitations of the data and the political context within which they operate.”*

**Measure and Analyze** – Coglianesse discusses measuring the current state as a regulator. He says: *“with a sufficiently funded and highly trained staff working in a supportive organizational culture, an excellent regulator uses the best tools and technologies available to solve problems and it earnestly seeks continuous improvement through regular performance measurement and evaluation.”* This aligns with RF's strategic plan, in which RF President and CEO Tim Gallagher states, *“we are fortunate to have a brilliant model for the ERO that inherently provides accountability and affords us access to an incredible amount of data and benchmarking opportunities.”*

**Improve** – As we offer our entities tools and information for improvement, we, the regulator, must also improve. Continuous improvement keeps the machine moving during various changes in the regulatory environment. As Isabel Villanueva, head of the cabinet

of the secretary general in Spain's Nuclear Safety Council [puts it](#), *“continuous improvement is a key goal for regulators and there should be no room for complacency in achieving it.”*

**Control** – This can be thought of as sustainability. How do you sustain regulatory excellence? One of the ways to maintain excellence is through the people, which RF also prioritizes as a core objective in our Strategic Plan. In this case, sustainability means ensuring you have the competent and knowledgeable personnel for the long-term, meaning you can't just rely on current high performers, but must also make sure the organization works to achieve continuity in the long-term performance of its workforce. RF, like the industry, is working on building bench strength and ensuring sustainable programs that focus on raising capabilities without relying on a single high-performer or expert. Control also includes governance or ensuring the DMAIC cycle stays on track. Without sustained management oversight, the continuous improvement process can falter.

## Conclusion

Perfection, in any phase of life, is not practical. It takes an assessment of the current state to determine a goal for improvement to achieve excellence. We as regulators are dedicated to improvement, and in turn, we hope our improvement drives you to pursue excellence. Our CI journey only works if you, our entities, are equally invested in working with us (e.g., participating in assist visits, self-assessments, demonstrating internal controls during audit, working with the Risk Analysis & Mitigation team on sustainable mitigation plans). We know that neither the ERO nor our entities are perfect, but we must always chase improvement. And in so doing, we hope to be like Vince Lombardi and catch excellence.

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<sup>1</sup>DMAIC methodology consists of five phases, namely, Define, Measure, Analyze, Improve, and Control. These phases form the pillars of the DMAIC framework, allowing us to improve an existing business function or an entire organization to achieve improvement and effectiveness <https://www.6sigma.us/dmaic-process/>.