



# UTHEASTERN ELECTRIC RELIABILITY COUNCIL, INC.

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November 14, 2005

## IMPLEMENTATION OF THE ENERGY POLICY ACT OF 2005

SERC and its members feel strongly that the structure for Bulk-Power System Reliability must build on the present structure that includes NERC (a single ERO) and Regional Entities. This existing and proposed structure provides for participation by all entities including all users, owners, and operators of the Bulk-Power System.

### PREPARATIONS TO IMPLEMENT THE EPACT OF 2005

The legislation makes it clear that the ERO may enter into an agreement to delegate authority to a Regional Entity for the purpose proposing and enforcing Reliability Standards provided that the Regional Entity is governed by an independent board, a balanced stakeholder board, or a combination independent and balanced stakeholder board. SERC Bylaws call for a Stakeholder Board. SERC members are reviewing governance options that will satisfy its members that it has achieved balance. Once SERC has developed a balanced governance proposal it intends to discuss it with NERC staff and FERC staff, as appropriate, to ensure that the SERC application to become a Regional Entity will meet the governance requirements. SERC is also cataloging changes to its Compliance Enforcement Plan that will be necessary to conform to the requirements set forth in the proposed Delegation Agreement. SERC feels that its existing Compliance Enforcement Plan is comprehensive and does not anticipate that it will need to make major revisions to the Plan. However, once Reliability Standards have been adopted by the Commission it will be necessary to implement a process that will incorporate the numerous Independent Power Producers that operate in the SERC footprint. Heretofore, compliance with Reliability Standards by these entities has been voluntary, and many of these entities have not been participating in the Regional Plan.

### STANDARDS PROCESS

SERC is not interested in becoming a Standard Setting Organization. SERC fully supports the existing open and balanced ANSI-approved NERC process for standards development. At this time, there are no unique geographic or operational characteristics that would require development of standards in SERC separate from the ANSI-approved NERC process. There are, however, some existing Reliability Standards that have Regional requirements. The proposed Delegation Agreement and other documents must allow for the region-specific differences or variances to be recognized and adopted as appropriate.

### REGIONAL COMPLIANCE AND ENFORCEMENT

The *Role of the Regions Report* suggests that it is appropriate to assess compliance with Reliability Standards at the regional level. SERC agrees with the actions set forth in the Report, specifically:

- a. Establish a common understanding and definition of compliance and assurance functions across all of North America
- b. Develop common approaches to compliance and enforcement administration across North America; a common "look and feel" with regional requirements highlighted.

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