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### **NPCC Summary Comments**

NPCC appreciates the opportunity to provide comments relating to the establishment of an ERO, the process for proposing reliability standards, the role of Regional Entities and how existing reliability standards can be improved over time. As an over-arching consideration, NPCC recommends that the reliability structure of an international ERO should build upon the present NERC and Regional framework, incorporating the Federal and State authorities embodied in the legislation, providing for Canadian participation at both the Provincial and Federal level, and balancing continental and regional electric reliability requirements. As the cross-border Regional Reliability Council (RRC) that encompasses approximately 70% of the Canadian net energy for load, the international interdependency of electric system reliability is of significant importance to NPCC.

The *Role of the Regions Report* identified RRC functions and services that provide a comprehensive base for regional reliability and complement ERO responsibilities. The continuing provision of these necessary functions and services by the RRCs to their members will need to be accomplished through non-Section 215 funding mechanisms. Continent-wide reliability standards, focusing on fundamental bulk power system reliability objectives and with due allowance for regional differences, should be developed and maintained through the standards processes within the ERO. Enforcement of the ERO bulk power system reliability standards should be done primarily by the RRCs, acting under a delegation of authority as Regional Entities with verification and validation by the ERO. The ERO should provide oversight and perform the activities necessary for due diligence to make certain the bulk power system is planned and operated in compliance with ERO standards. Cross-border cooperation on reliability standards development, compliance and enforcement should be built on the foundation already established by international RRCs.

As indicated in the legislation, a Regional Entity can not receive authority from the ERO or FERC for reliability criteria regarding adequacy or safety of electric facilities or services. Authority for adequacy, within the U.S., must be provided from State authority, and from Provincial authority within Canada. If the ERO is to be the recognized prime force for electric reliability on this continent, it must speak with knowledge about both security and adequacy. To do this it must incorporate State and Provincial authority in its

reliability structure. State and Provincial authority are the back stop for reliability criteria addressing adequacy and those responsibilities are executed through the RRCs.

A framework, therefore, that recognizes the Councils and the ERO as peer organizations in the reliability structure - each with clear, non-duplicative responsibilities - provides the greatest likelihood of success. This approach will enhance mandatory compliance by creating a mutually supportive reliability structure that addresses both regional and local reliability needs and the need for clear mandatory grid-wide reliability. This structure builds upon the present framework, incorporates the Federal and State authorities embodied in the legislation, provides for Canadian participation at both the Provincial and Federal level, and balances continental and regional electric reliability. When properly combined with the rebuttable presumption afforded a Regional Entity organized on an Interconnection authority, it has great potential to minimize adversarial contention.