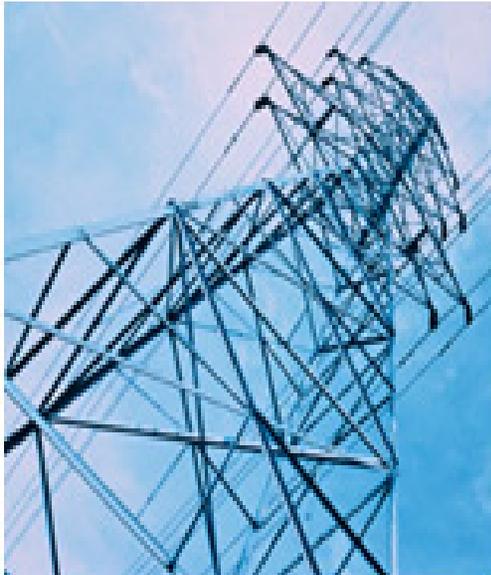


**Joint Meeting of the
Nuclear Regulatory Commission
and Federal Energy Regulatory
Commission
January 23, 2007**



**Joseph H. McClelland
Director, Division of Reliability
Energy Markets and Reliability**

The Energy Policy Act of 2005



- Provided FERC with substantial new authority over the reliability of the Bulk Power System
- Certification of an ERO and approval of mandatory standards for all users, owners, and operators of the Bulk Power System
- The Commission can approve a proposed standard or remand a standard to the ERO or Regional Entity
- The Commission must give “due weight” to the technical expertise of the ERO
- Excludes local distribution and does not authorize the Commission to order the construction of new facilities

Order 672 – Rules for the ERO and Standards



- Order 672 was issued on 2/3/06
- Encourages the ERO to seek international recognition in Canada and Mexico
- Establishes the responsibilities of the ERO as well as its ability to delegate some duties to Regional Entities
- Affirms that regional variations to the reliability standards are permitted in some circumstances
- Affirms the Commission's ability to independently conduct investigations and enforcement actions
- Establishes guidelines for the determination and application of penalties for violations of approved reliability standards

Electric Reliability Organization and Reliability Standards



- On 4/4/06, NERC filed its application to become the ERO and its reliability standards with the Commission for review/approval
- Staff released a preliminary assessment of the standards on 5/11/06
- Comments were solicited through June and a technical conference held in July
- The assessment and comments were used to help draft the NOPR for the Standards

Electric Reliability Organization and Reliability Standards



- On 7/20/06, the Commission certified NERC as the ERO
- On 8/28/06, NERC filed its CIP standards for Commission review and approval
- On 10/19/06, the Commission approved NERC's 2007 Business Plan and Budget as the ERO

Electric Reliability Organization and Reliability Standards



- Also on 10/19/06, the Commission issued the Reliability Standards NOPR
 - The NOPR proposes to approve 83 of 107 standards
 - The NOPR calls for modifications to 62 of 83 of the standards
 - The NOPR sets aside 24 of the 107 standards pending the receipt of additional information
 - The NOPR proposes to direct the ERO to develop a work plan
- To-date, 128 comments comprising approximately 2,100 pages have been received by the Commission

Electric Reliability Organization and Reliability Standards



- On 11/29/06, NERC filed its Delegation Agreements and the Compliance Monitoring and Enforcement Program
- To date, over 140 comments comprising over 1,000 pages have been filed
- On 12/11/06, the Commission issued a preliminary staff assessment on NERC's CIP Standards
- Comments are due on the CIP standards staff assessment by 2/12/07
- The goal is to have mandatory and enforceable reliability standards by the summer of 2007