FEDERAL ENERGY REGULATORY COMMISSION

STATEMENT

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Acting Chairman Jon Wellinghoff

Statement of Acting Chairman Jon Wellinghoff on FERC accelerates Smart Grid development with proposed policy, action plan

"Thank you for this presentation and my thanks to all the staff who contributed to the drafting of this Proposed Policy Statement and Action Plan.

We are experiencing a profound change in the way our nation produces, delivers and consumes electricity.

A "smarter" bulk power system, and the generation and demand resources associated with it, will operate more securely, reliably and efficiently. Improved monitoring of the electric system with real-time information from advanced sensors, and the enhanced ability to process information and coordinate actions of millions of devices and systems in real time, will allow system operators to optimize system reliability and reduce grid costs and congestion. The Smart Grid will also play a critical role in the integration of new renewable resources and will be vital to enable advanced technologies such as plug-in electric vehicles with 'vehicle to grid' capabilities.

I expect that this increased efficiency, reliability and flexibility of the electric system will offer consumers more choices and the ability to manage their energy costs, resulting in long-term savings for everyone.

The Commission is issuing this Proposed Policy Statement on Smart Grid to prioritize and accelerate development of key interoperability standards that are needed to unlock the potential benefits of the Smart Grid. The National Institute of Standards and Technology, FERC staff, DOE and representatives of industry have been working diligently to develop interoperability standards. In many cases, broadly accepted standards currently exist to support some portion of the areas that we have identified as high priority for standards development. However, these existing standards need to be extended and broadened and made to work with each other.

The security and reliability of the transmission system is of paramount concern to the Commission. Therefore, it is appropriate that the first priority we articulate in this proposed Policy Statement is for the development of standards to ensure the reliability and security, both physical and cyber, of the electric system. It is also appropriate that the interim rate policy we announce to encourage smart grid investment requires a demonstration that deployment of the new technologies will ensure system security and be compliant with Commission-approved Reliability Standards.

I also agree that the development of interoperability standards for inter-system communication, wide-area situational awareness, demand response, electric storage, and electric transportation should be prioritized and accelerated. The work done on these key standards will provide a foundation for development of many other standards.

The guidance we provide today is also timely given the expanding development of renewable resources of electricity in the United States. We anticipate significant additions of wind generation, as well as generation from other variable renewable sources. This is driven in part by state Renewable Portfolio Standards and by national tax and energy policies. Renewable energy resources such as wind, solar, and geothermal are often located in economically developable quantities at dispersed sites remote from load centers. As I stated at our technical conference on March 2, I believe that developing the transmission infrastructure needed to deliver electricity from renewable energy resources is essential to meeting our national energy goals, such as reducing greenhouse gas emissions, strengthening our national security, and revitalizing our economy. The communication and coordination standards and protocols of the Smart Grid will be critical to the efficient and reliable integration of these new renewable resources.

I look forward to the comments that we invite on these matters."