FEDERAL ENERGY REGULATORY COMMISSION

STATEMENT

March 19, 2009

Commissioner Philip D. Moeller

Docket No. RM05-17-004, RM05-25-004, RM05-5-013, RM08-19-000, RM09-5-000, and RM06-16-005

Item Nos. E-3, E-4, E-5

Statement of Commissioner Philip D. Moeller on Reliability of our Nation's Bulk Power System

"Today we've issued several orders concerning our efforts to ensure better reliability on our nation's bulk power system.

These six orders all relate to our continuing efforts to improve the reliability and security of our bulk power system. The first three reflect the implementation of reforms adopted in Order No. 890, and the remaining three reflect improvements on rules that are already in place. Thus, we are not only seeing the implementation of new standards, but also a movement towards refining the first generation of reliability rules to ensure greater reliability and more efficiency.

The first three relate to the calculation of Available Transfer Capability (ATC), an issue of great importance to ensuring that the transmission grid is sufficiently transparent for market participants to understand the capability of the transmission system. This transparency will ensure that the system is operated in the most reliable way.

E-3 is an order on rehearing of Order 890-C (actually the third rehearing order). It basically provides that each individual transmission provider will have an appropriate amount of discretion to make its own ATC calculation based on the needs of its system, in a way that is consistent with the calculations being made by other transmission providers.

E-4 is a NOPR proposing the incorporation of business practices developed by NAESB to, among other things, implement ATC-related reforms in the 890 proceeding in a way that support NERC's reliability standards. This NOPR shows that NAESB and NERC are continuing to coordinate their efforts in a positive way, in a way that really helps the industry improve service and reliability by standardizing its operations and communicating with a common language.

E-5 is a companion NOPR proposing the approval of NERC reliability standards governing the calculation of ATC. These standards require that ATC calculations be consistent and transparent for all transmission customers. To ensure the reliability standards are implemented in a way that achieve this goal, the NOPR proposes to require the NERC to conduct audits, within six months of implementing the reliability standards, to ensure that transmission providers are not able to discriminate in their provision of transmission service through the calculation of ATC. (The reliability standards would be implemented one year from a final rule, so audits would be expected in 18 months from that date.)

While the first three orders deal with the issue of ATC generally, the next three relate to more specific reliability issues under particular NERC standards.

E-6 concerns a jurisdictional issue between our agency and the NRC on how to divide responsibility for cyber-security within the boundaries of our nation's fleet of civilian nuclear power plants. The NRC and FERC have regular joint meetings, and this issue came up at our last such meeting. This order thus resolves an issue in a way that perhaps can be a model to other federal agencies on how to work together to ensure that cyber-security issues are comprehensively addressed (without leaving regulatory gaps).

E-9 relates to improving certain reliability standards in the planning and operation horizons. The issue here is establishing methodologies that determine system operating limits.

E-21 is about how grid operators should respond to an IROL, which is an “emergency-type” situation that could lead to a cascading outage or blackout. In short, as a result of the recommendations coming out of the August 2003 blackout, we have improved reliability procedures so that control room operators know that a certain type of procedure, called a TLR, by itself, is not sufficient to mitigate an IROL violation. “

Acronyms:

IROL = interconnection reliability operating limit
TLR = Transmission Loading Relief
NOPR = Notice of Proposed Rulemaking
NAESB = North American Energy Standards Board