



# FEDERAL ENERGY REGULATORY COMMISSION

**March 18, 2010**

Docket Nos. RR09-6-000, RM06-16-009 and RM06-16-010

**NEWS MEDIA CONTACT**

Mary O'Driscoll - 202.502.8680

## **FERC Directs NERC to Modify Standards Development Procedures**

The Federal Energy Regulatory Commission (FERC) took action to protect the reliability of the nation's transmission grid today by directing the North American Electric Reliability Corporation (NERC) to modify the procedures it uses to develop mandatory bulk electric system reliability standards.

FERC took this action out of a growing concern that the current voting process at NERC, the Commission-certified electric reliability organization for the nation's bulk power system, employs a procedure that can be used to prevent compliance with FERC directives to address particular reliability matters.

The Commission said NERC's current rules do not provide a reasonable assurance that NERC is capable of complying with FERC reliability directives and that misuse of the NERC standards development process thwarts Congress' fundamental goal of instituting mandatory standards to protect reliability of the bulk power system.

Known as "balloting down," the procedure effectively allows NERC stakeholders to veto a Commission directive by refusing to approve a new or modified reliability standard intended to comply with the Commission's directive. That happened recently when NERC attempted to develop a standard requiring each transmission and generator owner to determine the ratings of its bulk power system facilities. FERC issued the directive in 2007 and NERC has not yet complied with it.

NERC has 90 days to submit a filing containing specific proposed modifications to the standards development process. Within 90 days of the Commission's approval of those proposed rules, NERC must file document outlining its compliance with the rule requiring transmission and generation owners to determine the ratings of their bulk power system facilities.

In two related orders today, FERC set a June 30, 2010, deadline for NERC to comply with a directive issued in 2006 to modify the reliability standard to more clearly explain that entities are prohibited to plan for the loss of non-consequential load in the event of a single contingency on the bulk power system, and set a Sept. 18, 2010, deadline for NERC to comply with another 2006 standard, this one regarding the necessary amount of frequency response needed for reliable operation of the system.