



FEDERAL ENERGY REGULATORY COMMISSION

March 18, 2010

Commissioner Marc Spitzer

Docket No. RR09-6-000, RM06-16-009 and RM06-16-010

Item Nos. E-2 through E-10

Statement of Commissioner Marc Spitzer on Reliability Orders

“Stepping back for a moment, it is worthwhile to note that the Commission, the North American Electric Reliability Corporation (NERC), Regional Entities, and users, owners and operators of the grid are all working toward the same goal – ensuring the reliability of the bulk power system. However, each of us plays a different role in that effort.

In section 215 of the Federal Power Act, Congress tasked the Commission with various responsibilities relating to reliability. Among these responsibilities is the requirement to review standards developed through NERC's standard development process. Accordingly, as part of its role in ensuring the reliability of the bulk power system, the Commission must look to review standards with special attention to consistency and transparency.

The orders in today's reliability package can be viewed through that lens to highlight the benefit that they provide to the reliability program:

FERC's goal is compliance with the standards and, therefore, we need to ensure that reliability standards are clear as to what is required and who is required to comply. Several of today's reliability orders seek to provide the clarity to assure compliance. In E-6, the notice of proposed rulemaking on BAL-004, the time error correction reliability standard, the Commission proposes to remand the reliability standard to ensure that the duties of the Time Monitor are clearly assigned. This concern also arises in E-23, an order approving NERC's proposed interpretation of CIP-007, which addresses the system security management practices of applicable entities. In E-9 we initiate a notice of proposed rulemaking proposing to reject NERC's interpretation and delineating an alternative interpretation of Requirements R1.3.10 of TPL-002 in the hopes of, once and for all, clarifying what is required of the industry to comply. In E-9, we propose that, given the differing interpretations of the requirement, it is essential that the ambiguity is eliminated without detriment to those that followed an alternative interpretation of the requirement. Therefore, in E-9 we propose that the Commission's proposed interpretation of R1.3.10 will apply prospectively from the effective date of any Final Rule so that no entity will be subject to financial penalties for having operated in a manner inconsistent with the proposed interpretation prior to the effective date of any Final Rule.

FERC needs to ensure that reliability standards ensure consistency in application across the regions. This concern arises in E-5, a final rule on PRC-023, the transmission relay loadability reliability standard. In this final rule the Commission approves PRC-023, including the “add in” approach for facilities between 100kV and 200kV originally proposed by NERC and supported by industry. However, the Commission also requires that the reliability standard specify a test that coordinators in all regions must use to identify critical facilities and so that each region will have a consistent classification of critical facilities. This concern also arises in E-8, a notice of proposed rulemaking in which we propose to direct NERC to revise its definition of the term “bulk electric system” to include all transmission facilities with a rating of 100kV or above.



STATEMENT

FERC needs to ensure that NERC, as the Electric Reliability Organization, has the tools necessary to fulfill its role in the reliability program. E-10 is an order directing NERC to propose modifications to its Rules of Procedure to address a conflict between NERC's Standards Development Process and its statutory obligation as the ERO to comply with Commission directives to submit new or modified reliability standards.

FERC needs to ensure that modifications to reliability standards and other directives are completed in a timely manner. This concern arises in E-24, in which the Commission approves NERC's Implementation Plan for nuclear power plant generator owners' and operators' compliance with version 1 of the CIP standards. However, this concern also arises in E-2, an order setting a deadline for NERC to comply with three-year old directives relating to TPL-002, which pertains to system performance following the loss of a single bulk electric system element.

In working through these orders, the Commission has sought to carefully balance competing interests. These are critical matters for the nation and its consumers and I believe it is paramount that we get these and other reliability issues right. I believe today's orders strike the right balance, but I have an open mind and will examine the records in each docket carefully to ensure that we reach the right and just outcome for NERC, the regions, industry and the public.

I thank the Commission's staff for their hard work on these orders, and thank industry for their efforts in the development of these reliability standards and insightful comments. I support the package of reliability orders."