



February 8, 2011

Commissioner Marc Spitzer

**STATEMENT**

## Statement of Commissioner Marc Spitzer on Priorities for Addressing Risks to the Reliability of the Bulk-Power System

Once again, I appreciate the opportunity to hear from stakeholders with regard to reliability and the implementation of our reliability program. I also want to thank Congressman Franks for his leadership on reliability issues, especially with regard to electromagnetic pulses.

The starting point for me on any discussion with the industry on reliability is to acknowledge that FERC and the regulated community have the same goal: to ensure the reliable operation of the Nation's transmission grid. I know the industry and NERC take their obligations seriously. I commend the industry and NERC for their hard work on these critical matters and I am committed to working with the industry and NERC to achieve our common goal.

I recognize, however, that some have disagreed with the role FERC has played with regard to the development of the reliability standards. Section 215 of the Federal Power Act (FPA) imposes responsibilities upon FERC and NERC regarding the development of reliability standards. I believe we struck the right balance over our respective roles in the recent order regarding the definition of the bulk electric system. Revision to Electric Reliability Organization Definition of Bulk Electric System, Order No. 743, 133 FERC ¶ 61,150 (2010). FERC offered guidance but left to the industry the role of developing a standard to address the Commission's concerns. Order No. 743 established a template for the future. I hold no false hope that our approach in Order No. 743 will eliminate all disagreements between FERC and NERC. However, as we continue to work together towards our common goal, I believe we can and will find more common ground.

As for today's discussion, the topic is "priorities." I consider "priorities" in at least two ways. First, I think of a "priority" in terms of identifying specific reliability standards or key reliability issues that we need to address first to best assure the reliable operation of the system. I perceive this as a "what" question. Second, in answering the "what" question, we cannot lose sight of the need to be sensitive to the "how" question. That is: how should the Commission, NERC and the industry best ensure that the reliability standards address Commission orders and other important reliability developments without interfering with ongoing work or the reliable operation of the grid as required by the FPA. I look forward to hearing about both aspects of the reliability question today and in any follow-up comments.

Finally, I'd like to thank all those in attendance, our colleagues from the states and international regulators for their effort and attention to these matters.