



Federal Energy Regulatory Commission
July 17, 2008
Open Commission Meeting
Staff Presentation
Item E-14

"Good morning Mr. Chairman and Commissioners.

E-14 is a draft Final Rule which would strengthen existing Commission-approved Reliability Standards as follows:

First, the draft would approve the Electric Reliability Organization's or ERO's proposed interpretations of five requirements contained in four reliability standards. The underlying standards address resource and demand balancing, voltage, and reactive power issues. These standards were originally approved in Order No. 693 in 2007.

The proposed interpretations add clarity to the Reliability Standards that will enhance understanding of compliance expectations. These are the first interpretations of reliability standards submitted for Commission review.

Second, the draft Final Rule approves NERC's modifications to five Commission approved reliability standards related to interchange scheduling and coordination. Two of these modifications were in response to the Commission's directives in Order No. 693. In that order, the Commission approved 83 reliability standards while directing modifications to 56 of them.

This is also the first time the Commission would rule on modifications to Commission-approved reliability standards. Two of the modifications rescind unapproved waivers from certain scheduling practices for entities within the Western Electricity Coordinating Council region (or WECC). These waivers were left pending in Order No. 693 until WECC provided further explanation on the need for the waivers or withdrew them. WECC elected to withdraw them. The proposed order would approve the other three modifications which deal with scheduling and implementing ongoing energy interchanges between balancing authorities.

Finally, the draft Final Rule directs additional explanation with respect to a proposed modification to a reliability standard on transmission loading relief (or TLR). It directs the ERO to submit an explanation within 15 days of the effective date of this Final Rule on how the TLR procedure is intended to be used in conjunction with other measures in response to actual major transmission limit violations.

The modifications, several of which address applicable directives of Order No. 693, and interpretations approved in this draft Final Rule, are part of a significant and continuing effort by the ERO, Regional Entities, the industry and stakeholders, and FERC staff to improve Reliability Standards and thereby protect the reliability of the bulk power system. Thank you. The team will be happy to address any questions you may have."