



FEDERAL ENERGY REGULATORY COMMISSION

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FERC Confirms Reliability Jurisdiction Over Federal Agencies, Approves NERC Budget

The Federal Energy Regulatory Commission (FERC) today confirmed its jurisdiction to enforce reliability standards over federal entities that use, own or operate the bulk power system.

Today's order stems from a North American Electric Reliability Corporation (NERC) notice of penalty for a violation of a reliability standard by the U.S. Army Corps of Engineers in Tulsa, Okla. The Army Corps argued that as a governmental entity, it is not required to comply with federal electricity reliability rules, though it did say it would attempt to meet mandatory reliability standards developed by NERC and approved by FERC.

Section 215 of the Federal Power Act gives FERC authority to certify and oversee an electric reliability organization to develop and enforce mandatory reliability standards. FERC designated NERC as that organization. Each penalty that NERC issues for violation of a standard is subject to FERC review.

In today's order, FERC pointed out that the legislative history of the Federal Power Act clearly indicates that the reliability provisions were added to the law to prevent cascading blackouts. "Exclusion of federal entities from the reliability provision would run counter to this legislative purpose and it would create significant gaps in an otherwise comprehensive program," FERC said.

In a separate order also voted out today, FERC approved the 2010 business plans and budgets for NERC, the regional reliability entities and the Western Interconnection Regional Advisory Board (WIRAB). The Commission raised concerns, however, that NERC's monitoring and compliance staffing levels for 2010 were insufficient to complete investigations and ensure compliance with reliability rules.

The Commission also raised concerns over NERC's plan to use a \$4 million line of credit instead of funding its working capital reserves, and asked for additional information on any conditions or restrictions on the line of credit.

The total 2010 funding for reliability activities in the United States, Canada and Mexico is more than \$138 million, a 15.1 percent increase over the 2009 outlay. NERC's portion of the budget is \$37 million, with \$100.7 million for the regional entities and \$438,300 for WIRAB.

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