
FEDERAL ENERGY REGULATORY COMMISSION



WASHINGTON, D.C. 20426

NEWS RELEASE

FOR IMMEDIATE RELEASE

December 17, 2003

Docket Nos. AD02-7; RM04-2

NEWS MEDIA CONTACT:

Bryan Lee
(202) 502-8680

FERC TO REQUIRE REPORTING OF POWER-GRID RELIABILITY VIOLATIONS; PENDING STEP FIRST IN EXPLORATION OF OPTIONS UNDER EXISTING LAW

The Federal Energy Regulatory Commission today directed staff to develop an order that will require transmission system operators to report violations of the industry's power-grid reliability standards. The pending order marks the first step in the Commission's exploration of its authority under existing law to assure power grid reliability in the aftermath of an August 14, 2003, blackout that affected millions in the U.S. and Canada.

The Commission unanimously accepted a staff recommendation to expedite an order proposing to require public filings at FERC of any violations of the industry's voluntary grid-reliability standards, which are overseen by the North American Electric Reliability Council. Subject to a final order, the filings at FERC would be required contemporaneously with reports of violations to Princeton, N.J.-based NERC. The reports to NERC would then be public information kept on file at the Commission.

FERC Chairman Pat Wood, III, described the pending order as "a modest but appropriate step forward." It comes after Chairman Wood said at a December 1, 2003, public meeting on electric system reliability that FERC would explore what options it has under existing law as long as reliability legislation remains pending before Congress.

In approving the staff's recommendation, the four sitting FERC members agreed that the Commission would continue to explore what additional measures it can take under its existing statutory authority. The Commissioners noted the ongoing effort to address reliability under existing law marks a change in long-standing FERC policy.

Commissioner Joseph Kelliher spoke for the Commission when he expressed disappointment that reliability legislation stalled earlier this year in Congress, and called it "appropriate" for FERC staff to "determine how far we can go" under existing statutory authority.

"We need to go further," said Commissioner Nora Mead Brownell, calling for public reporting of investment in reliability technologies and the development of a "benchmark" to evaluate a transmission system's investment in grid reliability.

Commissioner Suedeen Kelly cited an industry consensus on the need to replace the industry's traditional voluntary approach to grid reliability with one that is mandatory. "We need to do more than just reporting," Commissioner Kelly observed.

Chairman Wood noted that Congress gave FERC a \$5 million spending increase for fiscal year 2004 with instructions that the additional funding support power grid reliability efforts. That additional funding could support audits of transmission system operators' compliance with NERC reliability standards. "Now that we have the resources," Chairman Wood said FERC should adopt a "trust but verify" approach to industry compliance with grid-reliability standards.

The Commission is inviting public comment on the extent to which it can address grid reliability under existing law. Comments should be filed in Docket No. AD02-7.