



MEDIA ALERT

FERC Issues Four Reliability Orders to Strengthen Grid

November 20, 2008

Docket Nos. RM08-16-000, RR08-4-001 and -002,
RC08-7-000, RM08-12-000

The Federal Energy Regulatory Commission (FERC) today issued four orders intended to further strengthen the mandatory reliability rules governing the operators of the nation's transmission grid.

The orders provide guidance to the North American Electric Reliability Corporation (NERC) on how to calculate violation severity levels important in the determination of civil penalties, propose approval of new regional reliability standards submitted by the West while directing certain improvements in the standards, clarifies interpretation of certain reliability standards and remands a NERC registration appeal.

Background and Orders

The four orders include two notices of proposed rulemakings (NOPR), one order on rehearing and one remand of a registration order to NERC.

The first NOPR, *Electric Reliability Organization Interpretations of Frequency Response and Bias and Voltage and Reactive Control Reliability Standards* (RM08-16-000), proposes to accept NERC's interpretation of its frequency response and bias reliability standard but remand back to NERC the proposed interpretation for voltage and reactive control because the standard suggests that generator voltage schedules need not have a sound technical basis.

The second NOPR, *Western Electricity Coordinating Council Regional Reliability Standard Regarding Automatic Time Error Correction Interconnection* (RM08-12-000), proposes to make mandatory for balancing authorities within the Western Interconnection-wide WECC region an automatic time error correction procedure that will help maintain interconnection frequency and thus reduce accumulated inadvertent interchange energy resulting from differences between scheduled and actual power flows in the Western Interconnection.

The *Order on Rehearing and Clarification and Accepting Compliance Filing* (RR08-4-001 and -002), among other things, grants NERC a nine-month extension to submit an analysis of violation severity levels called for in the June 19, 2008, violation severity levels order, and also allows NERC to use its Reliability Standards development process to develop violation severity levels, as long as that process produces timely results. The Commission also denies NERC's request for rehearing questioning the value of considering historical, or pre-2008, compliance data in determining violation severity levels and directs NERC to consider both pre-2008 compliance data, when appropriate, and 2008 compliance data in its evaluation of assigned violation severity levels.

In its *Order Remanding Compliance Registry Determination to the Electric Reliability Organization* (RC08-7-000), the Commission remands to NERC the appeal by Constellation Energy Commodities Group Inc. of its registration as a generator operator of an electric generating facility in Texas owned by Power Resources Ltd. Constellation had entered into an agreement with Power Resources in which it agreed to serve as the facility's qualified

scheduling entity. NERC is directed to analyze which specific reliability standards will apply to Constellation, and to provide further clarification regarding the registration of qualified scheduling entities as generator operators within the Electric Reliability Council of Texas.

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The FERC order can be found at www.ferc.gov

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