

Summary Statement for
FERC-725A, Mandatory Reliability Standards for the Bulk-Power System
As Proposed in Docket No. RM09-18-000
(A Final Rule Issued November 18, 2010, Order No. 743)

The Federal Energy Regulatory Commission (Commission) (FERC) requests Office of Management and Budget (OMB) review and approval of **FERC-725A, Mandatory Reliability Standards for the Bulk Power System** as contained in the Final Rule RM09-18-000 “Revision to Electric Reliability Organization Definition of Bulk Electric System”. FERC-725A (Control No. 1902-0244) is an existing FERC data collection, (filing requirements), contained in 18 CFR Part 40 and is currently approved through March 31, 2013. As RM09-18-000 makes no modifications to either the information collection or its corresponding burden at this time, FERC requests to continue the current expiration date.

In general, the Final Rule identifies the reliability concerns created by the current definition and a method to ensure that certain facilities needed for the reliable operation of the nation’s bulk electric system are subject to mandatory and enforceable Reliability Standards and those exemption methodologies would be developed by NERC and subject to Commission review. From the Commission’s review, the material impact assessments implemented by NPCC are subjective in nature, and results from such tests are inconsistent in application, as shown through the exclusion of facilities that clearly are needed for reliable operation. Further, the Commission finds that the vast majorities of 100 kV and above facilities are part of parallel networks with high voltage and extra high voltage facilities and are necessary for reliable operation. As a result, and consistent with the Commission’s previous statements in Order No. 672,¹ the Commission finds it is best for the ERO to establish a uniform definition that eliminates subjectivity and regional variation in order to ensure reliable operation of the bulk electric system. The Commission further finds that the existing NPCC impact test is not a consistent, repeatable, and comprehensive alternative to the bright-line, 100kV definition the Commission prefers. By directing the ERO to revise the definition of “bulk electric system,” through the approach proposed by the Commission, or through an equally effective alternative proposed approach, the Commission is fulfilling its responsibility to ensure reliable operation of the grid.² Any alternative proposal from the ERO must be as effective as, or more effective than the 100 kV threshold at ensuring facilities necessary for reliable operation are captured in the definition while also addressing the issues outlined in the Final Rule.

1 Order No. 672, FERC Stats. & Regs. ¶ 31,204 at P 290.

2 As noted previously, any alternative proposal must be as effective as, or superior to, the Commission’s proposed approach in addressing the identified technical and other concerns, and may not result in a reduction in reliability.