



December 20, 2012

Commissioner John R. Norris

FEDERAL ENERGY REGULATORY COMMISSION

STATEMENT

Docket Nos. RM12-6-000 & RM12-7-000

Item No. E-5

Statement of Commissioner John R. Norris on Revised Definition of Bulk Electric System

"I consider the process that led to today's Final Rule to be a success story in our ongoing efforts to improve the process of developing and implementing mandatory reliability standards under section 215 of the Federal Power Act.

"While speed is relative, it is worth noting that in about two years, we have moved from Order No. 743, which directed NERC to revise its definition of bulk electric system, to today's Final Rule. In that time, NERC conducted an industry stakeholder process, the Commission issued a NOPR on the results of that process, we analyzed numerous comments on that NOPR, and today we issue a Final Rule on NERC's proposal.

"The end result is a Final Rule that overwhelmingly approves the work of NERC and industry stakeholders in crafting the new bulk electric system definition. This shows that when FERC and NERC work together, clearly define goals and expectations, and avoid surprises, a quality product can result.

"With respect to the substance of today's Final Rule, I note that there are two narrow instances in this order where the Commission reserves to itself a direct role in defining the bulk electric system. Specifically, the draft Final Rule concludes that, where necessary, questions of fact regarding whether a facility is used in local distribution (and thus excluded from the bulk electric system under section 215) should be resolved directly by the Commission, rather than through NERC's exceptions process. In addition, the draft Final Rule finds that the Commission has authority under section 215 to act on its own to designate facilities for inclusion in the bulk electric system if it deems that such action is necessary.

"As I have said many times, I believe the FERC-NERC construct works best when FERC sets the overall policy direction, and leaves the day-to-day implementation of the mandatory reliability standards regime to NERC, the Regional Entities and industry. These two portions of the Final Rule, in some measure, deviate from this framework. However, in both instances we emphasize that direct Commission action should be rare. I support these two aspects of today's Final Rule, but hope that we will monitor them in practice to ensure that they do not interfere or conflict with the overall FERC-NERC working relationship."