



FEDERAL ENERGY REGULATORY COMMISSION

NEWS

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NEWS MEDIA CONTACT

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FERC Approves Reliability Standard Violation Severity Levels; Establishes Guidelines

The Federal Energy Regulatory Commission (FERC) completed the penalty-setting matrix for violations of mandatory electric reliability standards today when it approved assignments of "Violation Severity Levels" proposed by the North American Electric Reliability Corporation (NERC) for the 83 FERC-approved reliability standards. A Violation Severity Level is a post-violation measurement of the degree to which a requirement was violated and will be used by NERC and the Regional Entities in the determination of a monetary penalty for the violation.

"It was one year ago that we put the mandatory reliability standards into place to ensure the protection of the bulk-power electric system in this country," FERC Chairman Joseph T. Kelliher said. "Today's approval of Violation Severity Levels enhances our ability to enforce the Standards. We will continue to use all of our abilities to protect and improve grid reliability while providing for consistent, effective enforcement."

Also today, FERC established guidelines for evaluating the validity of Violation Severity Level assignments to ensure consistent and objective assessments. The guidelines are:

- Violation Severity Level assignments should not have the unintended consequence of lowering the current level of compliance;
- Violation Severity Level assignments should ensure uniformity and consistency among all approved reliability standards in the determination of penalties;
- Violation Severity Level assignments should be consistent with the corresponding requirement; and
- Violation Severity Level assignments should be based on a single violation, not on a cumulative number of violations.

FERC designated NERC as the Electric Reliability Organization in 2006, consistent with section 215 of the Federal Power Act and a new provision added by the Energy Policy Act of 2005 to establish a system of mandatory, enforceable reliability standards.

FERC approved 83 reliability standards in March 2007. In May 2007, FERC approved NERC's assignment of Violation Risk Factors, which link the violation of a requirement of a reliability standard with its potential reliability impact on the Bulk-Power System.

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