



Federal Energy Regulatory Commission
March 15, 2007
Open Commission Meeting
Statement of
Commissioner Jon Wellinghoff

Items E-13: Mandatory Reliability Standards for the Bulk-Power System
(Docket No. RM06-16-000)

"The development of mandatory reliability standards is one of the most important responsibilities placed on the Commission by EPCRA 2005. The Final Rule that we vote on today sets out clear rules of the road to provide for the reliable operation of the bulk power system.

We received comments from many parties on the NOPR that we issued in October. The NOPR included proposals to allow demand resources to be used to comply with several of the reliability standards. Many of the commenters supported those proposals, and some raised concerns regarding the technical feasibility of demand resources. I appreciate the comments we received; they were an important factor in my deliberation.

In this Final Rule, demand resources will be allowed to be used to comply with Reliability Standards governing contingency reserves, reactive power, emergencies and planning the reliable bulk power system. We also make clear in the Final Rule that demand resources must be technically capable of providing the function required by a reliability standard. The ERO will develop the process for determining technical capability through its reliability standards development process.

There is of course still much work to be done. I encourage those who are interested in fully integrating demand resources into maintaining the reliability of our bulk power system to lend your expertise and time to the standards development process.

The work ahead is not limited to the reliability standards. Ensuring reliability, as well as reducing congestion and enhancing competition, necessitates a complete integration of demand resources and efficiency into how the electric grid and power markets operate. We cannot simply build our way out of those problems. We must spend smartly. We must spend efficiently and need to promote demand response alternatives. We must promote investment in efficient transmission facilities and state-of-the-art transmission technologies, as well as facilitate demand response, distributed generation, and renewables, in order to begin to solve the nation's energy problem.

Finally, I want to thank the Team, both you at the table and the many others in the room, for a job very well done."