
FEDERAL ENERGY REGULATORY COMMISSION



WASHINGTON, D.C. 20426

NEWS RELEASE

News Media Contact:

Bryan Lee
(202) 502-8680

For Immediate Release:

February 11, 2004

FERC CHAIRMAN APPLAUDS NERC EFFORT TO SHORE UP RELIABILITY; FERC TO PROVIDE VIGILANT OVERSIGHT TO ASSURE EFFECTIVENESS

Federal Energy Regulatory Commission Chairman Pat Wood, III today applauded industry efforts to shore up voluntary power-grid reliability standards in the wake of last summer's regional blackout, and promised vigilant Commission oversight to assure the job gets done.

Chairman Wood, speaking after attending this week's meeting of the North American Electric Reliability Council's stakeholders and board, commended the industry group for "stepping up to the plate" to assure that the existing regime of voluntary compliance with reliability standards provides the protections American electricity customers deserve.

Going forward, two Commission experts will accompany every NERC reliability readiness audit, 20 of which are scheduled to be performed across the country by June 30, 2004. In the interim, the Commission will continue to explore its existing authority to oversee power grid reliability, while evaluating NERC's stepped-up reliability efforts. The Commission awaits the final report of the joint U.S.-Canadian task force on the August 14 blackout, which is expected next month.

FERC is establishing a new 30-person reliability division within the Office of Markets Tariffs and Rates, which will be staffed with grid-reliability engineering experts, to provide support to NERC's efforts and assure sound integration of reliability and market considerations in Commission decisionmaking. Congress earmarked a \$5 million in FERC's current budget cycle for grid reliability oversight, and the President's recent budget request to Congress seeks a similar funding level for fiscal year 2005.

FERC urges Congress to pass legislation to give FERC statutory authority to oversee enforcement of a mandatory system of grid-reliability standards, Chairman Wood said.

"Clearly, the existing voluntary reliability regime wasn't up to the task of preventing last summer's blackout," Chairman Wood said. "We may not be able to move to fully mandatory electric system reliability until Congress acts, but there's a lot we collectively can and will do to better ensure reliable power supplies for customers."