

A FERC Perspective on Electric Transmission Reliability

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The opinions expressed here do not necessarily represent the opinions of the Commission or any Commissioner.

INTRODUCTION

- Transmission reliability is at the top of FERC's agenda for 2004.
- The regulator of interstate transmission must take an active interest in grid reliability issues.
- We have begun several reliability initiatives for the coming months:
 - to get ready for this summer
 - to recognize the long-term growing dependence of Americans on electricity as a necessity of modern life
- Six areas of reliability interest

1. The Blackout Investigation

- Commission staff are helping to lead and conduct the U.S.-Canadian investigation of the August 14 blackout, along with NERC.
- The task force including Chairman Wood and Commission staff will complete the blackout investigation shortly.
- Many of the contributing factors were the same as those identified in the blackouts of 1965, 1977 and 1996.

2. Regarding First Energy

- FERC directed First Energy to study the vulnerabilities of northeast Ohio.
- If this study reveals significant problems, we will work with the Public Utilities Commission of Ohio, the Midwest ISO, and local utilities to determine how to make any needed improvements.

3. Reliability Audits

- \$5 million for reliability
- New reliability division
- Outside industry experts & existing staff
- Main task: reliability audits
- Cooperatively with NERC
- Determine if operators and reliability coordinators are able to comply with NERC reliability standards

4. What Else Should Be Done?

- Reliability legislation is preferred
- December 1 reliability conference:
 - What actions can the Commission, NERC, others take to improve reliability, especially for this summer?
 - E.g., how to reduce tree contacts with transmission lines?

5. Observing NERC Rules

- Require compliance with NERC's reliability rules?
- Or report NERC rule violations?
- Problem: lack of clarity of the reliability rules
- Need to improve clarity of NERC rules soon

6. Long-term Reliability Needs

- Long-term, strategic needs and issues
- Examples:
 - Can the grid itself be designed to be more robust, less susceptible to cascading failure?
 - How are the best operators trained, both in the electric industry and other industries?
 - Does the nation have an adequate inventory of spare transformers?

A Cooperative Effort

- The common goal of enhancing grid reliability
- We are working cooperatively with
 - DOE, State regulators, Canadian governments
 - NERC, regional reliability councils and industry stakeholder groups
- Goal: to help assure that grid failures like the blackout of August 14 become, if not a thing of the past, as rare as humanly possible