



# FEDERAL ENERGY REGULATORY COMMISSION

FACT SHEET

March 19, 2009  
Docket No. PL09-4-000

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## Proposed Smart Grid Policy Statement and Action Plan

The Federal Energy Regulatory Commission's proposed policy statement and action plan provides guidance to inform the development of a smarter grid for the nation's electric transmission system. It focuses on:

- Prioritizing the development of key standards for interoperability of Smart Grid devices and systems;
- A proposed rate policy for the interim before the standards are developed for Smart Grid investments that demonstrate system security and compliance with Reliability Standards, the ability to be upgraded, and other criteria.

Smart Grid advancements will apply digital technologies to the grid, and enable real-time coordination of information from both generating plants and demand-side resources. This will improve the efficiency of the bulk-power system, with the goal of achieving long-term consumer savings, and will enable demand response and other consumer transactions and activities that give consumers the tools to control their electricity costs.

The Energy Independence and Security Act of 2007 (EISA) requires FERC, once sufficient consensus has been achieved through a process coordinated by the National Institute of Standards and Technology (NIST), to adopt standards and protocols necessary to ensure smart-grid functionality and interoperability in the interstate transmission of electric power and in regional and wholesale markets.

The proposed policy statement and action plan seeks to provide guidance on standards for four important elements of the Smart Grid:

1. **Cyber Security:** Advise NIST to assure each standard and protocol is consistent with the overarching cyber security and reliability requirements of EISA and FERC Reliability Standards.
2. **Inter-System Communications:** Identify standards for common information models for communication among all elements of the bulk power system – regional market operators, utilities, demand response aggregators and customers.
3. **“Wide-Area Situational Awareness”:** Ensure that operators of the nation's bulk power system have the equipment that gives them a complete view of their systems so they can monitor and operate their systems.
4. **Coordination of the bulk power systems with new and emerging technologies:** Identify standards development that would help accommodate the introduction and expansion of renewable resources, demand response and electricity storage to help address several bulk power system challenges. Also identify standards development that could help accommodate another emerging technology, electric transportation.

For more information, go to <http://www.ferc.gov/industries/electric/indus-act/smart-grid.asp>. Comments on the proposed policy statement and action plan are due 45 days after publication in the *Federal Register*.