



# FEDERAL ENERGY REGULATORY COMMISSION

October 16, 2008

**Docket No.** PL09-1-000

**Item No.** M-3

**Commissioner Marc Spitzer**

## **Statement of Commissioner Marc Spitzer on Compliance with Statutes, Regulations, and Orders**

"The Energy Policy Act of 2005 (EPAAct 2005) significantly enhanced the Federal Energy Regulatory Commission's (Commission) enforcement role. Among other things, EPAAct 2005 increased the Commission's maximum civil penalty authority to \$1 million per day per violation, expanded the scope of the statutory provisions to which civil penalty authority apply, and extended the Commission's jurisdiction to prohibit energy market manipulation and to enforce reliability standards for the bulk transmission system. However, as should be clear to all by now, achieving compliance, not assessing penalties, is the central goal of our enforcement efforts.

During my tenure with the Commission, we have heard repeated requests that the Commission further clarify its enforcement rules and policies. In response, the Commission held an Enforcement Conference and issued a Revised Policy Statement on Enforcement, which detailed the factors it examines in determining the existence of a robust internal compliance program. The Commission then followed up with a Compliance Workshop, where market participants emphasized their desire to comply with the Commission's rules, regulations but beseeched the Commission to provide industry with guidance as to how the Commission approaches enforcement and compliance matters.

Today, the Commission continues that discussion by issuing a Policy Statement on Compliance. The Policy Statement indicates, and I endorse, that a strong compliance program is evidenced through a company's investment in the creation, monitoring and growth of a comprehensive and effective compliance program. I also agree that the needs and circumstances of each company are unique and that market participants are in the best position to assess their regulatory risks and to devise the best conditions for ongoing compliance.

Similarly, the Policy Statement reiterates that the Commission will continue to determine whether to apply civil penalties, or the amount of penalties, based on the totality of facts and circumstances presented. We will give specific credit for a strong internal compliance program and have outlined the credit factors we will consider if a company, despite the best of intentions, violates a Commission statute, regulation or order.

I support the Commission's enforcement program and our Enforcement Staff. I recognize, however, that there is always room for improvement in our programs. This order demonstrates the Commission's commitment to responsiveness and to ongoing improvements in our program, and I proudly support it."