
FEDERAL ENERGY REGULATORY COMMISSION



WASHINGTON, D.C. 20426

NEWS RELEASE

NEWS MEDIA CONTACT:

Barbara A. Connors
(202) 502-8680

FOR IMMEDIATE RELEASE

April 19, 2007
Docket Nos. RR06-1-004, *et al.* &
RR06-3-001

COMMISSION ACCEPTS NERC'S REGIONAL RELIABILITY ENTITY DELEGATION AGREEMENTS; ADDITIONAL WECC FUNDING APPROVED

The Federal Energy Regulatory Commission today issued the third in a series of landmark orders designed to establish a new regime to ensure reliability for the nation's bulk electric power system, laying the foundation for mandatory, enforceable power-system reliability standards to be in place in time for this summer's peak electricity demand season.

"Today's action is the final major step in transitioning to mandatory and enforceable reliability standards," said Commission Chairman Joseph T. Kelliher. "We have designated an electric reliability organization, acted to approve and strengthen reliability standards – and today we set the framework for the regional entities that will be on the frontline in enforcing those standards."

The Commission approved the North American Electric Reliability Corp.'s (NERC) *pro forma* Delegation Agreement – the blueprint for the contractual relationship between NERC and eight regional reliability entities. The agreement includes a Compliance Monitoring and Enforcement Program to be used by NERC and regional entities to monitor, assess and enforce compliance with Commission-approved mandatory reliability standards. Among the elements included in the compliance program are procedures for audits and investigation, mitigation plans and remedial actions, procedures to address settlements, complaint procedures, confidentiality requirements, penalties, and hearing and review procedures.

Also approved are eight Regional Entity Delegation Agreements and related documents through which NERC will delegate authority to Texas Regional Entity, a division of the Electric Reliability Council of Texas; Midwest Reliability Organization; Northwest Power Coordinating Council; Cross Border Regional Entity Inc.; ReliabilityFirst Corp.; SERC Reliability Corp.; Southwest Power Pool Inc.; Western Electricity Coordinating Council; and Florida Reliability Coordinating Council.

These regional entities will have frontline responsibility for auditing, investigating and otherwise ensuring that users, owners and operators of the bulk power system comply with Commission-approved mandatory reliability standards.

In July 2006, the Commission designated NERC as the nation's electric reliability organization (ERO) under section 215 of the Federal Power Act, a new provision added by the Energy Policy Act of 2005 to establish a system of mandatory, enforceable electric system reliability standards under the Commission's oversight. In March 2007, the Commission approved 83 reliability standards while directing further improvement of the reliability standards that NERC and the regional entities will oversee.

In order to provide greater uniformity and clarity, the Commission identified certain areas of concern in the delegation agreements and directed NERC and the regional entities to file modifications within 180 days.

In a separate order also approved today, the Commission said it would permit the Western Electricity Coordinating Council (WECC) to fund its reliability coordinator activities through the ERO, up to \$5.7 million in 2007 for U.S. operations. This reversal of a prior finding comes after additional information was obtained following a March 2 technical conference. "WECC has achieved a distinct level of corporate independence of users, owners and operators of the grid," the Commission said.

Corporate independence allows for greater independence of judgment in the decision-making necessary for the reliability of the bulk power system in the Western Interconnection, the Commission noted.

R-07-25