



NORTHEAST POWER COORDINATING COUNCIL, INC.
NORTHEAST POWER COORDINATING COUNCIL: CROSS-BORDER REGIONAL ENTITY, INC.
1515 BROADWAY, NEW YORK, NY 10036-8901 TELEPHONE: (212) 840-1070 FAX: (212) 302-2782



Mandatory Electricity Industry Reliability Standards Effective June 18, 2007

As of June 18, 2007, the U.S. electricity industry operates under mandatory, enforceable reliability standards for the first time. Users, owners or operators of the bulk power system that violate any of the 83 FERC approved standards within the U.S. will face enforcement actions including possible fines of up to \$1 million a day. The Canadian Provinces, some of which are continuing development of Memoranda of Understanding (MOU) with NERC and NPCC, also require mandatory adherence to the standards.

On July 20, 2006 FERC certified the North American Electric Reliability Corporation (NERC) as the Electric Reliability Organization (ERO) with the responsibility to develop and enforce mandatory standards. On April 19, 2007 FERC approved eight delegation agreements to regional entities, including the Northeast Power Coordinating Council: Cross-Border Regional Entity, Inc. (NPCC CBRE), which provide reliability services for the entire North American continent.

NPCC CBRE, acting under the authority granted through the delegation agreement, is responsible for developing Regional Standards, enforcing those and the ERO standards, and assessing reliability in Northeastern North America as a means of enhancing the reliability of the continent's international, interconnected bulk power system.

NPCC CBRE maintains a Compliance Registry that currently lists more than 225 entities that must adhere to NERC Reliability Standards. The registry includes organizations that perform functions that can impact bulk power system reliability, such as reliability coordinators, balancing authorities, generation owners and operators, and transmission owners and operators.

Compliance with ERO and Regional Standards will be enforced via a comprehensive program of online reporting, monitoring, audits and investigations. Assessments of compliance will be conducted independently by NPCC CBRE. Non-compliance will be subject to penalties which will be commensurate with the severity of the violation.

ERO Reliability Standards are developed by the industry through a process managed by the NERC Standards Committee. The process is open, inclusive, balanced and fair, and is based on the procedures of other standards-setting organizations in the United States and Canada.

NPCC CBRE Regional Standards will augment and be consistent with the ERO Standards. These Regional Standards, once developed and approved by the ERO and applicable governmental and provincial authorities, will be mandatory and subject to the



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same penalty structure that exists for the NERC ERO standards. The NPCC CBRE Regional Standards Committee will manage the process for developing Regional Standards. The NPCC CBRE Regional Standards Development Procedure has been approved by FERC and meets all the common attributes mandated by the ERO.

For information on the 83 mandatory reliability standards, see:

http://www.nerc.com/~filez/standards/Reliability_Standards_Regulatory_Approved.html

For information on the NPCC Regional Reliability Standards Development Procedure, see:

http://www.npcc-cbre.org/uploadedDocs/NPCC_Regional_Reliability_Standards_Development_Procedure_s.pdf

For information on Compliance requirements, see:

www.npcc-cbre.org

Standards related questions should be directed to:

Mr. Guy V. Zito
Assistant Vice President-Standards

Compliance related questions should be directed to:

Mr. Stanley Kopman
Assistant Vice President-Compliance