



November 18, 2010

Commissioner Cheryl A. LaFleur

STATEMENT

FEDERAL ENERGY REGULATORY COMMISSION

Docket Nos. RM09-18-000

Item No. E-2

Statement of Commissioner Cheryl A. LaFleur on Revision to Electric Reliability Organization Definition of Bulk Electric System

"Today's Final Rule addresses a matter that the Commission has been concerned about since Order No. 693—the potential for significant "gaps" in reliability caused by NERC's current definition of the bulk electric system.

I want to highlight two aspects of this directive that I believe are important to NERC and the Commission's shared responsibility to maintain the reliability of the interconnected transmission system.

First, the form of today's directive adheres closely to Order No. 693, where the Commission explained that directives to "address a specific matter" do not "usurp or supplant" NERC's Standards Development Process. As Order No. 693 clarified, Commission directives under section 215(d)(5) of the Federal Power Act are intended to provide NERC with the guidance to understand the Commission's underlying concerns and the opportunity to address those concerns through the Standards Development Process. Today's order follows this formula. I think that staff has done an excellent job in the order outlining the Commission's technical and policy concerns with NERC's current definition of the bulk electric system and putting forth one proposed solution. However, rather than directing a specific change to the definition, the Final Rule requires NERC to develop a revision that addresses those concerns.

Second, I want to note that under the paradigm discussed in Order No. 693 and followed in today's order, NERC of course has the obligation to address the Commission's concerns in a comprehensive fashion. If NERC decides to propose an alternative approach, it must explain in detail, and with a technical record sufficient enough for the Commission to make an informed decision, how its alternative addresses each of the Commission's concerns in a manner that is as effective in ensuring reliability as the Commission's proposed solution.

Finally, I want to thank the OGC and OER staff that worked on this order, particularly: Jonathan First, Mindi Sauter, Bill Edwards, Mike Henry, Joe McClelland, Bob Snow, Kumar Agarwal, and Patrick Boughan."