

## Response to DOE Notice of Inquiry

From

The Power Delivery Reliability Initiative

### Introduction

On November 15, 2000, the U.S. Department of Energy (DOE) issued a Notice of Inquiry regarding "whether to initiate . . . a rulemaking for final action to the Federal Energy Regulatory Commission (FERC) to impose mandatory electric reliability standards."

Specifically, DOE solicited comments in response to seven questions related to addressing reliability problems in the interstate electric transmission system.

The Power Delivery Reliability Initiative is a utility-sponsored research program coordinated by EPRI to determine the root causes of recent reliability problems and to identify ways to provide immediate improvement. Begun in early 2000, the Initiative is a collaborative effort involving more than 40 utilities and has already produced information and software tools that are currently being used to enhance reliability of U.S. transmission networks and distribution systems. This research has been conducted in cooperation with the North American Electric Reliability Council (NERC).

Based on this ongoing, front-line experience in addressing electric reliability issues, as Chairman of the Power Delivery Reliability Initiative, I am submitting these comments on behalf of the Initiative members. The Initiative members have taken a proactive approach to improve the reliability of power delivery and wish to provide the following answers to the seven questions posed by DOE:

#### Question 1

Is the existing arrangement of voluntary compliance with industry reliability rules sufficient to ensure reliability of the bulk power transmission system? If not, why not, and has reliability been jeopardized by violations of the existing bulk power reliability standards?

Voluntary compliance with NERC standards is no longer adequate, especially in times of stress on the grid. Violations of these standards have resulted in disruptions of wholesale power markets and deterioration of reliability on bulk power transmission networks. To ensure orderly markets and reliable power delivery, mandatory minimum standards and an adequate enforcement mechanism are needed. Initiative members thus support legislation to create an independent industry self-regulating reliability organization, operating with FERC backing and oversight.

#### Question 2

What can FERC do under existing authorities to address reliability concerns?

The Reliability Initiative believes that FERC's authority in this area needs to be clarified by legislation, as discussed further under Question 3.

#### Question 3

If FERC has the authority to establish and enforce reliability standards, may FERC delegate such authority to a self-regulating reliability

organization? Should it do so?

Establishment and enforcement of reliability standards should be undertaken by a self-regulating organization with the backing and oversight of FERC, but legislation will be required to clarify FERC's ability to delegate this authority. Specifically, the Reliability Initiative supports NERC's proposal to convert itself into a new organization - the North American Electric Reliability Organization (NAERO) - that would be able to establish and enforce reliability standards for the bulk power system. The Reliability Initiative expects to provide NAERO with technical support related to these standards.

#### Question 4

Are there elements in CECA, or other electric reliability legislative language, which can, with or without modification, be used in a rulemaking?

Although neither CECA nor any other electric reliability legislation has yet been passed by Congress, there has been general agreement in the language among the bills with regard to setting up a self-regulating organization, such as NAERO. The problem is not the language; the problem is lack of badly needed legislation.

#### Question 5

What should the relationship be between Regional Transmission Organizations...and an Electric Reliability Organization as proposed in CECA?

Regional Transmission Organizations should be responsible for operating their bulk power networks in a manner consistent with reliability standards set by the NAERO. In turn, NAERO should be responsible for monitoring and enforcing compliance with these standards.

#### Question 6

How should the responsibilities and roles of FERC and the States be addressed in a rulemaking?

This issue is beyond the purview of the Reliability Initiative.

#### Question 7

Recognizing the international nature of the interconnected transmission grid, how could implementation of mandatory reliability standards be coordinated with Canada and Mexico?

As presently conceived, NAERO would encompass the interconnected North American grid and thus be able to coordinate implementation of reliability standards across national boundaries. The authority to provide such implementation will depend on obtaining the concurrence of the various governments involved. Each government would also provide oversight within its jurisdiction.

The members of the EPRI Power Delivery Initiative are listed below:

Alliant Energy Corporation  
Long Island Power Authority

Ameren Services Co.  
MidAmerican Energy Co.

American Electric Power Service Corp.  
Midwest Independent System Operator

Arkansas Electric Cooperative Corp.  
Nebraska Public Power District

Baltimore Gas & Electric Co.  
New England ISO

Bonneville Power Administration (BPA)  
New York Power Authority

Central & South West Corp.  
Northeast Utilities

CFE- Mexico  
Northern States Power Co.

City Public Service, San Antonio  
OG&E Electric Services

Commonwealth Edison Co. (Unicom)  
Omaha Public Power District

Consolidated Edison Co. of N.Y.  
Public Service Co. of New Mexico

DQE, Inc.  
Public Service Electric & Gas Co.

DTE Energy  
Puget Sound Energy

Duke Energy  
Rochester Gas & Electric Corp.

Entergy Corporation  
Salt River Project (SRP)

Florida Power & Light Co.  
Snohomish

GPU  
South Carolina Electric & Gas

Great River Energy  
Southern California Edison Co.

Hydro One  
Southern Company

Illinois Power Co.  
Tampa Electric

JEA  
Tennessee Valley Authority (TVA)

Kansas City Power & Light Co.  
TXU Electric

LADWP  
Wisconsin Electric Power Co.

Submitted by: Robert W. Donohue  
Chairman, EPRI Reliability Initiative  
Senior Vice President  
Electric Operations  
Con Edison Co. of NY