

UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

Reliability Standards Development and )  
NERC and Regional Entity Enforcement

Docket No. AD10-14-000

**Statement of Louise McCarren  
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Chair of the Regional Entity Management Group  
On behalf of the Regional Entity Management Group**

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Chairman Wellinghoff, Commissioners and other panel members. Thank you very much for the opportunity to provide comments at this Technical Conference on Reliability Standards Development and NERC and Regional Entity Enforcement. The convocation of this technical conference is an excellent opportunity to reflect on what, since the passage of the 2005 Energy Policy Act (or the EAct), has worked well, why it has worked well, and how to apply lessons learned to better meet the reliability challenges that lie ahead.

My name is Louise McCarren; I am the Chief Executive Officer of the Western Electricity Coordinating Council. I am also, by rotation, the Chair of the Regional Entity Management Group. These comments represent the views of the Regional Entity Management Group.

**What has worked well?**

The extensive outreach and education that the Regional Entities and NERC have undertaken has promoted awareness and commitment among the Registered Entities, both for compliance and for the need to develop mandatory standards that sustain and improve reliability throughout North America.

In the three years since the adoption of mandatory standards; FERC, NERC, the Regional Entities, and the industry have learned valuable lessons concerning all aspects of the compliance

process. Today most of those processes are running smoothly. Certainly, there will be more lessons to be learned as this program continues to mature.

From the Regional Entities' perspective, the industry is engaged and committed to excellence in standards development. This is evidenced by its participation with NERC and the Regional Entities in the standards drafting process. In addition, the industry stepped forward early in the process to ensure that standards development is informed by its best experts. With the advent of mandatory standards, drafting teams and participants have been working to understand regional differences and common attributes of the system and of compliance. NERC, the Regional Entities, and the industry have, over the same period, absorbed and implemented FERC-issued guidance.

## **What needs improvement?**

### *1. Roles and responsibilities*

Clarity of roles and responsibilities among FERC, NERC, the Regional Entities and industry needs to be improved. In the continuum of regulatory time, it has been a short moment from the passage of the EPAct, the development of a nascent structure, and the maturation of the process. It is therefore to be expected that process improvements are required.

Improved understanding among all the participants on the best model for communication within the standard drafting teams is needed. The drafting teams are drawn, as they should be, from across the industry, FERC, NERC, and the Regional Entities. Each member of a team comes with an understanding of the member's own system and priorities. Facilitating communication within the drafting team so its members can understand the issues and concerns of the others would advance standard development. Expert facilitation from a party who understands the differences and common attributes of the system would further advance the process.

As mentioned above, the drafting teams come from a wide spectrum of experiences and facilitating communication and writing may be helpful. For instance, having a common group of facilitators and writers across numerous drafting teams may increase communication and efficiency. This should also result in standards that not only have a better "common look and feel" but are also unambiguous.

Standard development today has, for a number of good reasons, multiple layers of due process. Collectively exploring ways to reduce duplication, perhaps by providing some presumption or deference throughout the multilayered process, would be useful. Indeed, the statute already contemplates such deference on technical issues to Regional Entities.

A factual analysis of the cycle time for standard setting, and particularly trending of cycle time, may be useful to understand areas of efficiency. Indeed, FERC faces the same technical and analytical challenges that the industry faces when presented with a new or revamped standard.

## *2. Clarity on the attributes of good standards.*

Within the last five years, standards that were drafted for a different time and purpose have become mandatory. Now there is a wealth of information from the field with respect to the efficacy of the standards, their “suitability,” and their meaningfulness in ensuring reliability. This information needs to be mined to inform future standard setting.

There is a need to use the knowledge and expertise of the entire enterprise (FERC, NERC, the Regional Entities, and industry) to provide guidance on how prescriptive standards should be. It is also important that standards focus on the most critical reliability issues. Data is emerging that sheds light on what requirements are the most important for reliability and this information needs to be prioritized for future standard setting.

Finally, as recognized by other speakers, the right balance on the role of documentation in standards as it pertains to reliability needs to be quantified. Good documentation is the hallmark of a well organized program, but documentation without meaning may undermine the credibility of the Compliance Monitoring and Enforcement Program.

## *3. Focus on the most important issues.*

Guidance from FERC on the most important reliability issues is important for the development of focused, clear standards. Though all standards are enforced it is clear that some standards are more critical to reliability than others. Currently, the standards most critical to reliability are not necessarily the most violated standards. There is a need to prioritize the development or revision of those standards. Furthermore, there is analysis from numerous disturbances and blackouts that, coupled with feedback from the industry, should also inform prioritization standards development. Finally, FERC’s requested response time should correspond with this prioritization. This is necessary because of the need for NERC, the Regional Entities, and the industry’s technical staff to stay focused on the key issues and not be unnecessarily distracted by issues that are not critical reliability.

## *4. Continue to improve communications*

FERC can advance the quality, efficiency and timeliness of standards development by providing more forums for communication, such as this technical conference. These forums allow for

FERC, its staff, and the entire industry to hear from each other and exchange ideas and concerns. Improved communications will reduce misunderstandings and lack of focus on our common objective of reliability.

*5. Respect for our Canadian and Mexican partners*

The provinces of Canada and the country of Mexico are strong partners with the United States in ensuring a reliable network. It is important that their laws and customs with respect to standard setting and compliance continue to be respected. Such respect is necessary for a reliable system throughout North America.