

ELCON *PRESS RELEASE*

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ELCON CALLS FOR IMPROVED NERC-FERC COMMUNICATIONS

“We are concerned that today there is not a good, working relationship between FERC, the regulator, and NERC. We believe that the lack of a good working relationship is not in the best interests of consumers,” said John Anderson, president of the Electricity Consumers Resource Council (ELCON), a participant at today’s Technical Conference at FERC on Reliability Standards Development and NERC.

Anderson, who serves on several NERC committees including the Member Representatives Committee, outlined some of the history of the NERC-FERC relationship and some of the problems. He cited the Orders and notices issued by FERC this past March 18 which, he said, “completely caught NERC and its stakeholders off guard – a real ‘wake-up’ call by anyone’s definition.” He observed that “FERC was justified to point out that NERC had not responded to hundreds of FERC directives over three years (although most quite minor), many standards required improvements, and the U.S. is still experiencing interruptions to the bulk power system.” However, in Anderson’s view, “FERC went too far and, in essence, asserted control over the substance of the reliability standards,” which, he said, is beyond FERC’s statutory authority.

In his statement, Anderson raised a series of questions underlying the strained FERC-NERC relationship.

First, he asked, “who should be the primary reliability expert,” concluding that the “expertise lies within the electricity industry as it works in and through NERC.”

Second, Anderson inquired if we can afford “100% reliability” as some at FERC seem to seek. “If FERC actually believes that 100% reliability is required,” said Anderson – adding that it is certainly not required by statute – “we all must recognize that this is a paradigm shift and all parties must begin an intense dialogue – and soon.”

Third, he questioned “what does the law require,” quoting former FERC Chairman Joe Kelliher as stating that “FERC cannot actually direct NERC to submit a specific standard or modification.”

And, finally, Anderson raised the issue of focus and registration, stating that ELCON agrees with Section 501 of NERC’s Rules of Procedure requiring only entities with “a material impact on the bulk power system to be in the NERC Registry, and thus subject to the reliability standards.” He referenced FERC staff who advocate registration for “all loads of 1 MW or more,” which he said would “sweep into the Registry many entities that have no material impact on the bulk power system.”

Anderson concluded by asking if, once NERC demonstrates that it is a “strong organization,” FERC will then “accept a reduced role.” He asked whether the current difficulties represent a “simple disagreement” or a “systemic flaw,” expressing his strong hope that it is simply the former.

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ELCON, established in 1976, is the national association of large industrial users of electricity from virtually every manufacturing sector. ELCON members seek a reliable supply of electricity at competitive prices and have long supported federal and state efforts to achieve that objective. More information about ELCON is available at ELCON’s website, www.elcon.org.

