

# NERC: On the Road to Becoming the Electric Reliability Organization

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North American Electric Reliability Council



# What is NERC Today?

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- A voluntary organization formed in 1968 in response to the 1965 Northeast blackout
- A self-regulatory organization relying on reciprocity, peer pressure & mutual self-interest in the reliability of the bulk electric system
- Involves all entities whose operations affect the system
- Mission: to ensure that the North American bulk electric system is reliable, adequate & secure



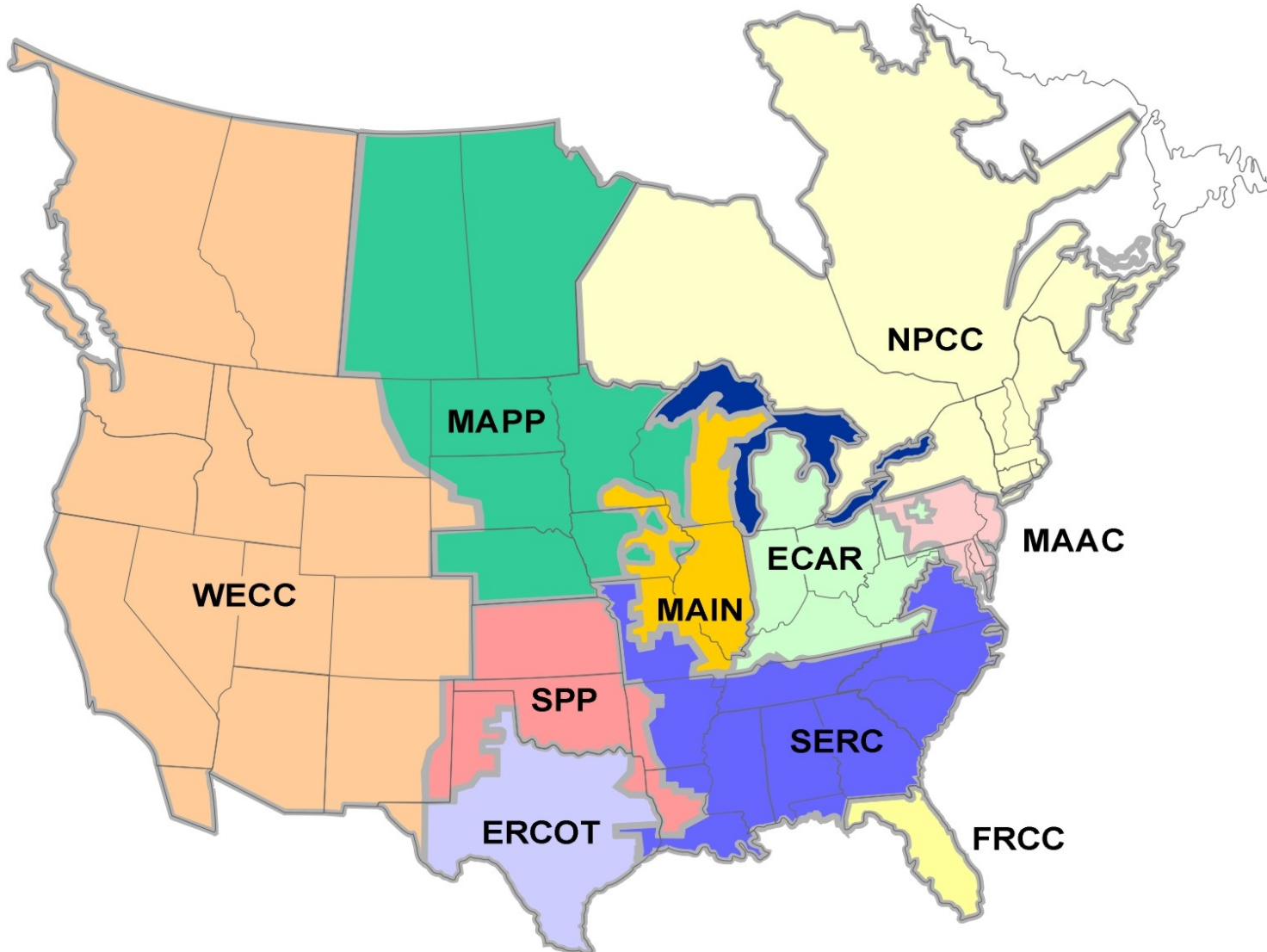
# What Does NERC Do Now?

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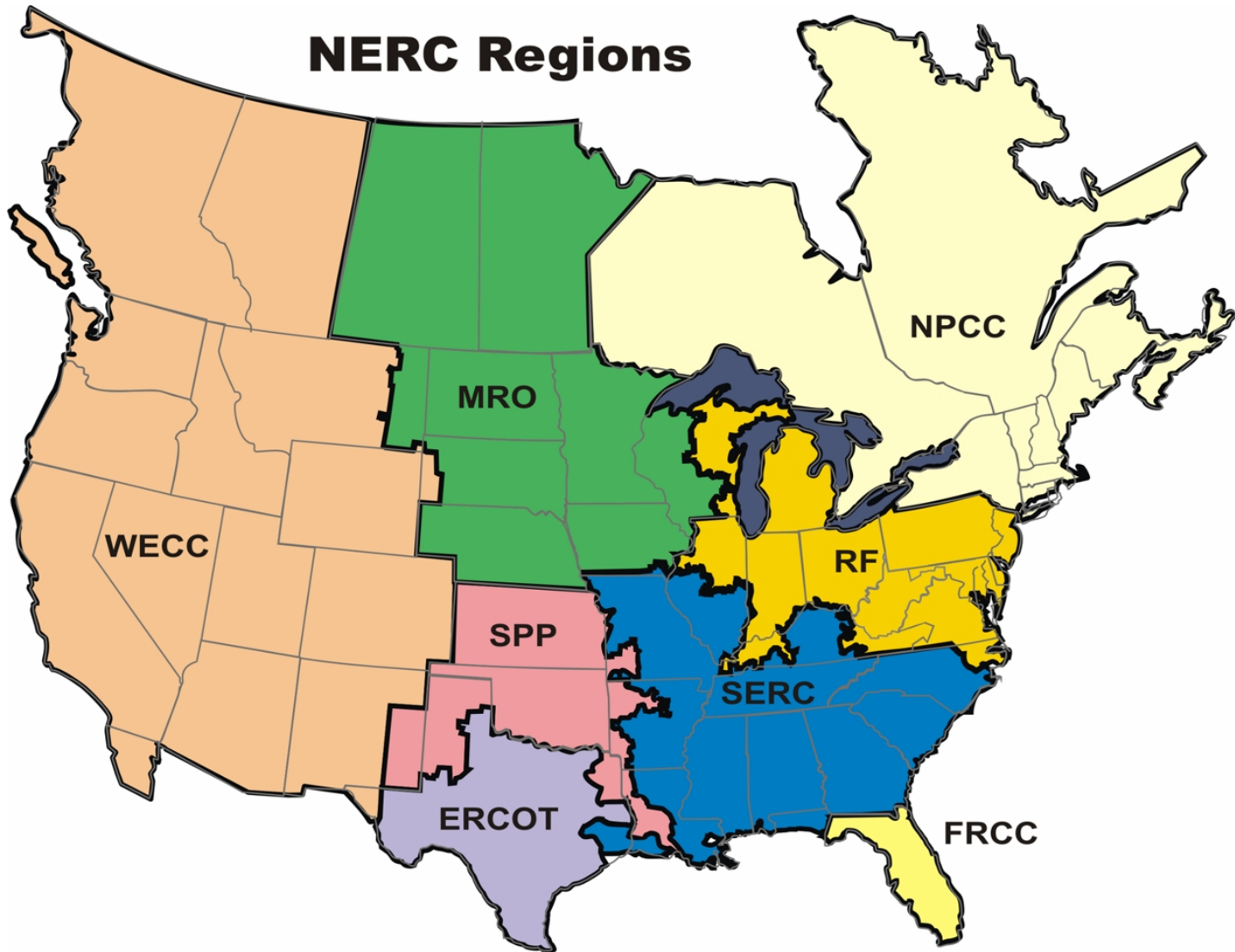
- Sets bulk electric system reliability standards
- Monitors & assesses compliance with standards
- Provides reliability education & training resources
- Conducts reliability assessments & disturbance analyses
- Facilitates information exchange & coordination
- Supports reliable system operation & planning
- Certifies reliability organizations & personnel
- Coordinates physical & cyber security
- Administers conflict resolution procedures



# Regional Councils Today



# Regional Councils Tomorrow



# U.S. Reliability Legislation

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- One industry self-regulatory ERO
  - Authority to set and enforce reliability standards for ALL owners, operators and users of bulk power system
  - FERC oversight in US - delegates authority to ERO
  - ERO delegates authority to regional entities
  - ERO must seek recognition in Canada
- Schedule
  - FERC ERO workshops November 18 & December 9
  - Final FERC rule expected in late January
  - ERO application to FERC by the end of March
  - Goal: ERO approval by August 2006



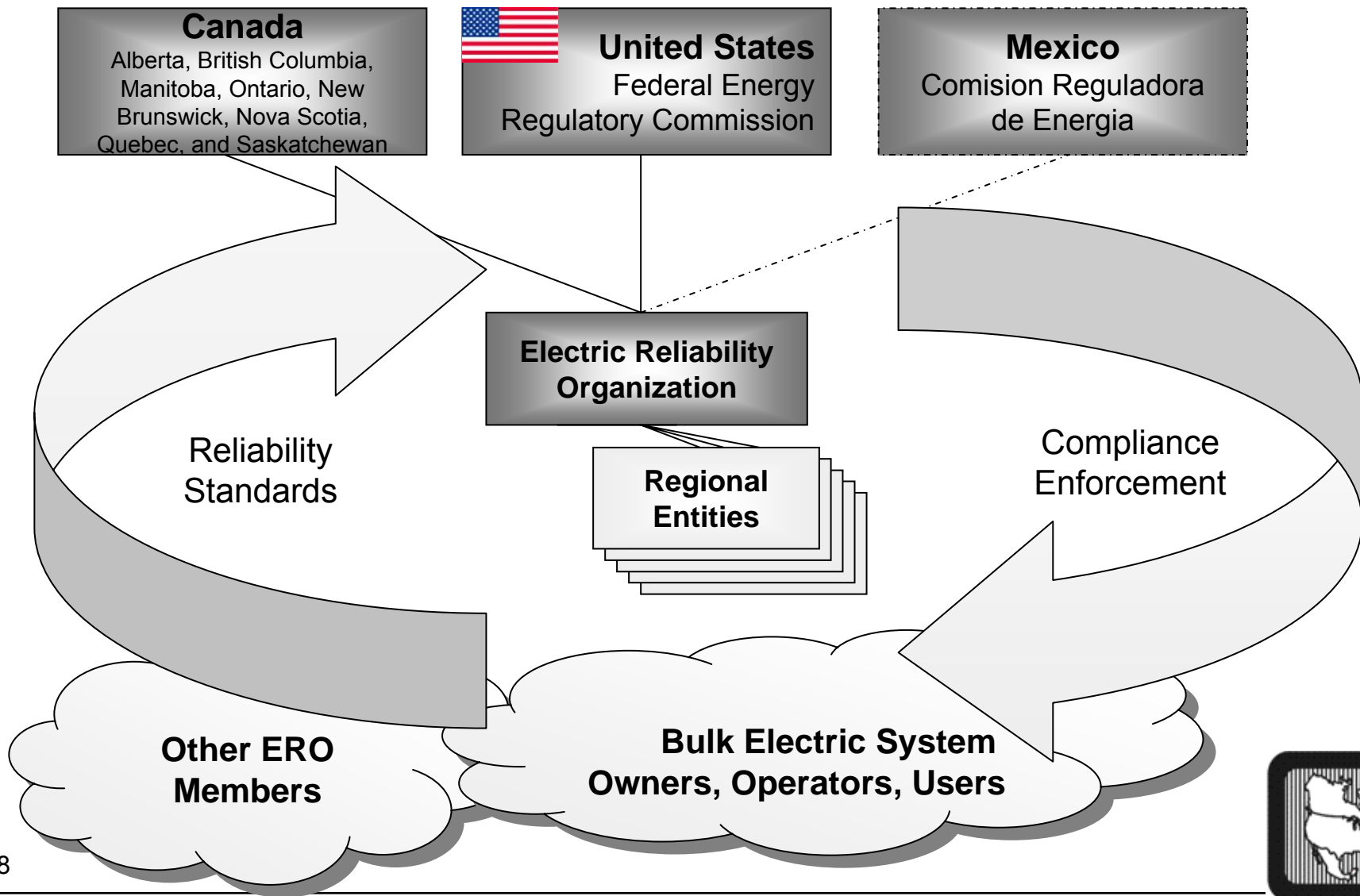
# International ERO

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- Interconnected North American grid
- BEROG (US-Canada) principles
- Seek equivalent recognition in Canada from the provinces:
  - Enforcement of mandatory standards
  - Consistency of enforcement actions
  - Proportionate funding in Canada
  - Coordination of ERO certification and regulatory actions between U.S. and Canada



# Electric Reliability Organization



# Challenges Ahead

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- Regional standards & variances
- ERO & regional entity funding
- Harmonizing ERO governance, funding & standards approval & enforcement across national & provincial boundaries
- Confidentiality of compliance, security & other sensitive information



# What Will NERC Do Tomorrow?

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- Develop strong & clear reliability standards
- Ensure consistent & effective compliance & enforcement
- Conduct readiness audits & promote best practices
- Develop operator training programs
- Conduct comprehensive & quantitative reliability assessments
- Conduct reliability performance monitoring, investigation & accountability
- Promote cyber & physical security initiatives
- Maintain strong relationships with regulators, regions & stakeholders



# Vision of the New NERC

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- Strong, competent & independent ERO backed by US & Canadian authorities
- Focus on programs and results
- Broad stakeholder consultation
- Technical excellence
- Reliability expertise



# Are We There Yet?

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- Submit ERO application to FERC/Provinces
- Build on our existing foundation
  - Independent board of trustees
  - ANSI-accredited standards development process
  - Compliance enforcement & readiness audit programs
  - Balanced stakeholder representation
- Consult with stakeholders & regulators
- Implement ERO rules quickly
- Build & improve on existing programs
- Measure & improve reliability performance

