

The Electric Utility Industry Takes Aggressive Steps to Strengthen Reliability

In the wake of the August 14, 2003, blackout that left parts of the Midwest, Northeast, and Canada without power, the electric utility industry and the North American Electric Reliability Council (NERC) are addressing the immediate problems that led to the August blackout and taking aggressive actions focused on a broad range of reliability issues.

The industry's actions are consistent with the recommendations of the U.S.-Canada Power System Outage Task Force, which studied the blackout and released its final report in April 2004. This report includes 46 recommendations that address a broad range of reliability issues, including adding new audit programs; creating guidelines for disclosure of reliability violations; strengthening existing reliability standards and enhancing compliance with reliability rules; and establishing vegetation management practices around power lines.

At the same time, the electric utility industry continues to support passage of comprehensive energy legislation, which is critical to enhancing reliability in a number of key ways. Such legislation establishes a self-regulating reliability organization, with FERC oversight, to develop and enforce reliability rules and standards that are binding on all market participants. Just as important, it removes regulatory barriers to badly needed investment; amends the U.S. tax code to encourage investment in transmission assets; grants FERC limited backstop siting authority; streamlines the federal transmission permitting process; and requires FERC to provide investment incentives in transmission.

Initiatives the industry has undertaken to strengthen reliability since last August include:

- **Reliability Readiness Audits**

NERC is working with its regional reliability councils to audit the readiness of all reliability coordinators and control areas in North America. NERC auditors, assisted by FERC staff, are assessing control room personnel, training and certification, communications systems, and planning and modeling tools. NERC has focused its immediate attention on deficiencies identified by the Task Force; it completed its 20 highest-priority audits by the end of June. Approximately 50 readiness audits will be completed by the end of 2004. The audits of all control areas and reliability coordinators will be conducted on a three-year cycle.

▪ **Public Disclosure and Transparency**

NERC has adopted a set of interim guidelines for the reporting and public disclosure of its audits and policy violations. NERC now requires public disclosure of all violations of NERC standards rather than disclosure of only major or “high priority” violations. NERC and the industry support clear standards and greater transparency.

▪ **Reliability Standards and Compliance Enforcement**

NERC is working to strengthen and clarify compliance with existing reliability standards. In April, the NERC Board approved a set of templates for measuring the system performance necessary to comply with existing NERC standards on major reliability issues.

NERC also is working with the industry to develop a single set of measurable reliability standards to replace its existing operating policies and planning standards. The NERC Board is working to have these new standards ready to adopt by February 2005.

▪ **Vegetation Management**

In a collaborative effort, NERC, FERC, and the electric utility industry are establishing vegetation management practices to eliminate transmission outages from trees and other vegetation located on rights-of-way (ROW) and to minimize outages from vegetation located adjacent to ROW. The standards also will establish a requirement to report vegetation-related outages for high-voltage transmission lines.

In addition, FERC has directed entities that own, operate, or control specific transmission facilities in the lower 48 states—whether or not they are subject to traditional FERC jurisdiction—to report on their current vegetation management practices for transmission lines and ROW.



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