

Resolution Calling for State Action on Mandatory Reliability Standards

WHEREAS, States have an obligation to ensure safe, adequate and reliable electric services to retail customers; *and*

WHEREAS, States exercise authority over the siting of transmission and generation facilities, and generation resources and adequacy; *and*

WHEREAS, The North American Electric Reliability Council (NERC) and the Regional Reliability Councils (RRC) have stated that their mission is to "... ensure that the bulk electric system in North America is reliable, adequate and secure," that NERC "sets standards for the reliable operation and planning of the bulk electric system" to fulfill this mission, and that the RRCs develop regional specific criteria to implement and augment NERC standards; *and*

WHEREAS, While in many areas of the country reliability standards are diligently followed, NERC and the RRCs operate as voluntary organizations "... relying on reciprocity, peer pressure and the mutual self-interest of all those involved" to ensure a reliable bulk electric system; *and*

WHEREAS, NERC has a compliance program in place but lacks an enforcement mechanism; *and*

WHEREAS, The U.S.-Canada Power System Outage Task Force's Final Report on the August 14, 2003 Blackout identified seven violations of NERC standards as among the root causes of the blackout, and described its first recommendation as making "reliability standards mandatory and enforceable, with penalties for noncompliance" to prevent future blackouts; *and*

WHEREAS, NARUC continues to support national comprehensive legislation that includes FERC authority to enforce mandatory reliability standards for the bulk electric system that apply to all market participants; *and*

WHEREAS, After 7 years of considering the issue, Congress has not passed legislation to make electric reliability standards mandatory; *and*

WHEREAS, Some States have taken action through their regulatory commissions – such as New York, Pennsylvania and Texas - to make electric reliability standards mandatory; *and*

WHEREAS, Some State commissions enforce their orders through penalties, fines or other sanctions; *and*

WHEREAS, Many States incorporated the National Electric Safety Code and other Institute of Electric and Electronic Engineers (IEEE) standards in their rules governing the operation of electric utilities; *now therefore be it*

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC), convened at its February 2005 Winter Meetings in Washington, D.C.,

encourages States to consider making NERC standards and RRC criteria mandatory for jurisdictional utilities; *and be it further*

RESOLVED, That NARUC should develop, by the 2005 Summer Committee Meetings, model orders and legislation which States may use to make NERC reliability standards and RRC criteria mandatory.

*Sponsored by the Committee on Electricity and Energy Resources and Environment
Adopted by the NARUC Board of Directors February 16, 2005*