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NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

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March 30, 2005

ELECTRONIC FILING

Hon. Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Dear Secretary Salas:

Reliability Standards for the Bulk Electric Systems of North America Docket No. PL04-5-000

Enclosed for filing for information purposes only is a complete copy of the Reliability Standards for the Bulk Electric Systems of North America, adopted by the Board of Trustees of the North American Electric Reliability Council¹ on February 8, 2005. These Reliability Standards become effective April 1, 2005.

In the Commission's Policy Statement on Matters Related to Bulk Power System Reliability issued in April 2004,² the Commission described the efforts of NERC and the industry to develop a set of clear and unambiguous reliability standards. The Commission noted that the new standards would also

transition [NERC's] policies away from control area-oriented terminology suited for traditional vertically-integrated utilities and toward the terminology of a functional model that focuses on tasks or functions required for maintaining electric system reliability. The functional model recognizes changes to new industry structures that have emerged from the advent of open access transmission service.³

¹ NERC was formed after the Northeast blackout in 1965 to promote the reliability of the interconnected electric systems in North America. Its mission is to ensure that the bulk electric systems that serve North America are adequate, reliable, and secure. It works with all segments of the electric industry as well as customers to "keep the lights on" by developing and encouraging compliance with rules for the reliable operation and adequacy of supply of these systems. NERC comprises ten regional reliability councils that account for virtually all the electricity supplied in the United States, Canada, and a portion of Baja California Norte, Mexico.

² 107 FERC ¶ 61,052.

³ Id., at paragraph 13.

The Commission supported the commitment of NERC and the industry to complete the effort by early 2005. These Reliability Standards satisfy that commitment.⁴

A broadly representative industry drafting team developed these standards, based on NERC's existing operating policies and planning standards. NERC received extensive comment from all industry segments, and the drafting team revised the standards in light of the comments received.⁵ In November 2004, NERC's Operating, Planning, and Market Committees endorsed these standards as a faithful translation of the existing operating policies and planning standards. On the final ballot, industry representatives gave these Reliability Standards a 95.1 % weighted-segment vote in favor of approving the standards.⁶ Given NERC's open process for developing standards, all interested persons and entities have been aware of and had the opportunity to participate in the development and approval of these standards.

These standards are available for review and downloading on NERC's public website:
http://www.nerc.com/~filez/standards/Reliability_Standards.html.

NERC is not asking the Commission to take any action with respect to this filing and believes no action is needed. The Commission has already made clear that the term "Good Utility Practice" as used in the Commission's Open Access Transmission Tariff includes compliance with these Reliability Standards.⁷

⁴ NERC is continuing its standards development work, with priority efforts in 2005 focused on cyber security; vegetation management; line ratings; operator training; operating tools; certification requirements for reliability authorities and balancing authorities; operating reserves; and reactive reserves and voltage control in the operating time horizon.

⁵ Draft 1 of the standards was posted for a 30-day comment period on July 9, 2004; draft 2 was posted for a 45-day comment period on September 1, 2004; draft 3 was posted 30 days prior to the commencement of voting on December 7, 2004; a final, re-circulation ballot was conducted from December 7, 2004 through January 7, 2005, providing all ballot pool members with the opportunity to review the nine negative comments filed during the first ballot and the drafting team's responses to those comments and to change their vote if they wished.

⁶ NERC's standards development process is accredited by the American National Standards Institute. Under NERC's standards development process, the registered ballot body is divided into nine industry segments; each segment gets to cast one-ninth of the vote, regardless of the number of entities registered in that segment, apportioned between affirmative and negative votes. The nine segments are: (1) transmission owners; (2) regional transmission organizations, independent system operators, and regional reliability councils; (3) load-serving entities; (4) transmission-dependent utilities; (5) electric generators; (6) electricity brokers, aggregators, and marketers; (7) large electricity end-users; (8) small electricity users; and (9) federal, state, and provincial regulatory and other governmental entities.

⁷ Supplement to Policy Statement on Matters Related to Bulk Power System Reliability, Docket No. PL04-5-001 (February 9, 2005).

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Please contact me if you or any member of the Commission or its staff has questions or needs additional information about these reliability standards or any other matter affecting the reliability of the bulk electric systems of North America.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Gaud", with a long horizontal flourish extending to the right.