



Federal Energy Regulatory Commission



August 16, 2011

Contacts: Mary O'Driscoll, FERC (202) 502-8680

Kimberly Mielcarek, NERC (202) 383-2622

Docket No.: AD11-9-000

FERC and NERC Release Task Force Report on Southwest Outages

The Federal Energy Regulatory Commission (FERC) and North American Electric Reliability Corporation (NERC) today released a staff report making recommendations to help prevent a recurrence of rolling blackouts and natural gas curtailments experienced by customers in the Southwest during extreme cold weather the first week of February 2011.

Concluding a six-month inquiry, the task force found a majority of the electric outages and gas shortages were due to weather-related causes. Although generators and gas producers reported having winterization procedures and practices in place, responses were generally reactive in their approach to winterization and preparedness.

"The task force has identified several proactive steps that can be taken by state regulators, electric generators and natural gas suppliers in the Southwest to improve the reliability of energy supply for customers during extreme cold weather," FERC Chairman Jon Wellinohoff said. "We urge them to carefully consider those recommendations and to work together to implement them before another cold weather event hits the region."

"This joint report demonstrates the high priority both NERC and FERC place on reliability," said Gerry Cauley, president and chief executive officer at NERC. "By combining technical resources and partnering, this report provides a comprehensive analysis and identifies a strong set of recommendations for the industry to use to better prepare in the future."

Despite the importance of winterizing plants, the task force found that no state, regional or NERC standards required generators to do so. The report recommends that states in the Southwest examine whether to require winterization plans, and NERC plans to work with industry to develop changes to NERC Reliability Standards to properly address winterization needs.

The task force attributed most of the natural gas shortages and outages to prolonged freezing weather that resulted in dramatically reduced supply and unprecedented high demand. Interstate and intrastate pipelines showed flexibility in meeting demand and compensating for supply shortfalls, it said, but additional storage capacity in Arizona and New Mexico might have prevented many of the outages. Most electric outages were caused by weather-related mechanical problems such as frozen sensing lines, equipment, water lines and valves.

In other recommendations, the report said:

- Generation owners and operators should ensure adequate construction, maintenance and inspection of freeze protection elements such as insulation, heat tracing and wind breaks.
- Reliability coordinators and balancing authorities should require generators to provide accurate data about the temperature limits of units so they know whether they can rely on those units during extreme weather.
- Balancing authorities should review the distribution of reserves to ensure that they are useable and deliverable during contingencies.
- State lawmakers and regulators in Texas and New Mexico, working with industry, should determine if weather-related production shortages can be mitigated through the adoption of minimum winterization standards for natural gas production and processing facilities.