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FERC Accelerates Smart Grid Development with Proposed Policy, Action Plan

The Federal Energy Regulatory Commission (FERC) accelerated development of a smarter grid for the nation's electric transmission system today with a proposed policy statement and action plan that would help set the "rules of the road" of a modern grid that would help bring long-term savings to consumers.

"A smarter bulk power system, and the generation and demand resources associated with it, will operate more securely, reliably and efficiently," Acting FERC Chairman Jon Wellinghoff said. "The Smart Grid will give consumers better information and the tools to control their electricity costs. And it will play a critical role in the integration of new renewable resources."

"Prioritizing the development of key standards will speed up the process of achieving an interoperable smart grid," Commissioner Suedeon Kelly said. "Also, our proposed policy will require the sharing of information associated with smart grid deployments with the Smart Grid Clearinghouse being developed by the Department of Energy. This will help to demonstrate the real benefits that investing in a smart grid can bring to the public."

"The Smart Grid means a lot of things, but for us, the Smart Grid means a more efficient transmission system that can reduce emissions and increase reliability," Commissioner Philip Moeller said. "For example, by minimizing line losses, Smart Grid technologies will allow generators to produce less energy and less pollution, while delivering the same amount of electricity to customers."

"Today's Commission order will encourage deployment of cutting-edge technology to the U.S. electric grid," Commissioner Marc Spitzer said. "By reducing barriers, we seek to incent investment in digital devices that will reduce consumer costs, benefit the environment, better inform ratepayers and create new U.S. jobs."

Smart Grid advancements will apply digital technologies to the grid, and enable real-time coordination of information from both generating plants and demand-side resources. This will improve the efficiency of the bulk-power system with the goal of achieving long-term consumer savings. And it will enable demand response and other transactions and activities that give consumers the tools to control their electricity costs.

Today's proposed policy statement seeks public comment on standards for four priority issues critical to the smooth functioning and operation of the Smart Grid. After weighing public comments, FERC plans to adopt a final policy statement providing guidance to the electric power industry on standards for:

- Cyber security;
- Communications among regional market operators, utilities, service providers and consumers;
- Ensuring that the bulk power system operators have "wide-area situational awareness" with equipment that allows them to monitor and operate their systems; and
- Coordinating operation of the bulk power system with new and emerging technologies for renewable resources, demand resources, electricity storage and electric transportation systems.





FERC said utilities may seek to recover the costs of smart grid deployments that demonstrate system security and compliance with FERC-approved Reliability Standards and other criteria.

Comments on the proposed policy statement and action plan are due 45 days after publication in the *Federal Register*. For more information, go to <http://www.ferc.gov/industries/electric/indus-act/smart-grid.asp>.

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