



March 15, 2012

Commissioner Cheryl A. LaFleur

STATEMENT

FEDERAL ENERGY REGULATORY COMMISSION

Docket Nos. RC11-6-000, RC12-1-000,
RC12-2-000, RC12-6-000, RC12-7-000,
RC12-8-000
Item No. E-3

Statement of Commissioner Cheryl A. LaFleur on The New Enforcement Mechanism for Reliability Standards

"I would also like to thank the team for their work on this Order.

At the Commission's technical conference on Reliability, Monitoring and Compliance in November 2010, we heard a great deal about the difficulties faced by NERC and the Regional Entities in processing compliance issues, and the resultant backlog. At that time, the Commission invited NERC to file a proposal to address those issues through more efficient and effective processing of compliance matters.

NERC responded with the Find, Fix, Track and Report proposal that we approve today. The essence of the proposal is to allow streamlined processing of remediated issues that do not pose a significant reliability threat, in order to free up resources to focus on more significant reliability issues.

I strongly support this proposal, as I do a greater focus on prioritization of resources across the reliability cycle. I have described the Reliability Cycle as beginning with setting priorities, leading to standards development and review, communication and training, audit and enforcement, event analysis and metrics, feeding back to setting priorities and so on.

Over the past year and a half, I believe both the Commission and NERC have made progress in increasing our prioritization on the "front end" of the cycle, especially the development and review of standards. Today's order incorporates prioritization into the "back end" of the Reliability Cycle, allowing the handling of potential violations in a manner commensurate with their severity. One of the reason I support the proposal is that it requires that all reliability issues, including minimal ones, be mitigated, tracked and reflected in future compliance assessments. This will afford NERC, the Commission, the Regional Entities, and registered entities the opportunity to identify clusters or trends of possible violations and take effective action to address them.

One of the central objectives of the FFTR proposal is to free up resources for more important efforts and activities. I urge NERC, the Regional Entities, and the industry to invest those resources wisely, on addressing significant reliability issues and working to improve the overall reliability of the bulk electric system. As I have frequently observed, the Commission and the ERO are only a few years into our joint reliability effort, and we can and must continue to improve it. Today's Order is an important step in that direction."