

## Press Release

FOR IMMEDIATE RELEASE

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### **NERC Enforces Compliance with Electric Reliability Standards, Reliability Improvements Underway**

PRINCETON, N.J., June 4, 2008 — The North American Electric Reliability Corporation (NERC) will submit the first set of violation notices in the United States to the Federal Energy Regulatory Commission (FERC) today for approval under Section 215 of the Federal Power Act. These notices document which reliability standards were violated and the actions taken by the companies involved to assure future compliance and improve reliability. NERC reliability standards are designed to ensure that the right practices are in place so the likelihood and severity of future bulk power system disturbances are substantially reduced.

This initial set will include a number of violations, the majority of which are documentation-related and do not include a financial penalty. The total value of financial penalties assessed equals \$255,000. Today's violations are already being addressed by the companies involved, who are required to take immediate corrective action in addition to any financial penalties.

“The most important result from these notices is that reliability is being improved across North America due to proactive efforts to prevent future system disturbances,” commented Rick Sergel, NERC president and CEO. “It’s often said that the first step to fixing a problem is admitting that a problem exists, and that’s what these companies have done – they have stepped up to the plate and put the measures in place to improve grid reliability.”

Today's financial penalties are related to violations of NERC's FAC-003-1 standard titled “Vegetation Management.” Improper vegetation clearance on transmission lines was a causal factor of the August 14, 2003 blackout, where 50 million people across the Northeast U.S. and Southeast Canada lost power. Proper vegetation management within transmission rights-of-way continues to be one of NERC's primary reliability concerns. The companies involved in today's notices are taking important steps to resolve vegetation management violations and improve reliability of the bulk power system.

“Generally we are seeing a very positive response to the ‘new era’ of mandatory compliance enforcement,” continued Sergel. “In fact, more than half of the 1400 violations reported to

NERC after June 18<sup>th</sup> were self-reported, meaning that bulk power system users, owners, and operators voluntarily disclosed an issue and proposed a way to address it. This is a strong indication that the mandatory enforcement program put in place through the formation of the international Electric Reliability Organization, NERC, is driving a culture of compliance, but more importantly reinforcing reliability standards, throughout the electricity industry.”

More information and details on today’s and future notices can be found on NERC’s website at: <http://www.nerc.com/~filez/enforcement/index.html>. This page will be updated throughout the afternoon as the notices are formally filed.

The North American Electric Reliability Corporation’s (NERC) mission is to ensure the reliability of the bulk power system in North America. To achieve that, NERC develops and enforces reliability standards; assesses adequacy annually via a 10-year forecast and winter and summer forecasts; monitors the bulk power system; audits owners, operators, and users for preparedness; and educates, trains, and certifies industry personnel. NERC is a self-regulatory organization, subject to oversight by the U.S. Federal Energy Regulatory Commission (FERC) and governmental authorities in Canada. Learn more at [www.nerc.com](http://www.nerc.com).

NERC is given the responsibility and authority to develop and enforce reliability standards in the United States through its designation by FERC as the Electric Reliability Organization (ERO) as authorized in Section 215 of the Federal Power Act. NERC is actively working with authorities in Canada and Mexico to ensure that mandatory reliability standards are enforced throughout North America.

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