

COMMISSION BRIEFING SLIDES/EXHIBITS

JOINT MEETING WITH FERC ON GRID RELIABILITY

JANUARY 24, 2007



Grid Reliability Update

Joint FERC/NRC Meeting

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January 23, 2007



Overview

- Progress since April 2006 joint Commission meeting
- Summer 2007 readiness assessment
- New reactors



April 24, 2006

Follow-up

1. Provide loss of offsite power data to FERC
2. Interact with stakeholders regarding the safety impact of new generating capacity
3. Provide information on NRC training and processes
4. Obtain a better understanding of OASIS
5. Schedule a joint Commission meeting



Summer 2007 Readiness

Nuclear power plants are prepared to address changes in grid reliability

NRC has improved oversight

- Assessing responses to Generic Letter 2006-02
- Enhancing routine inspections
- Improved monitoring of grid status

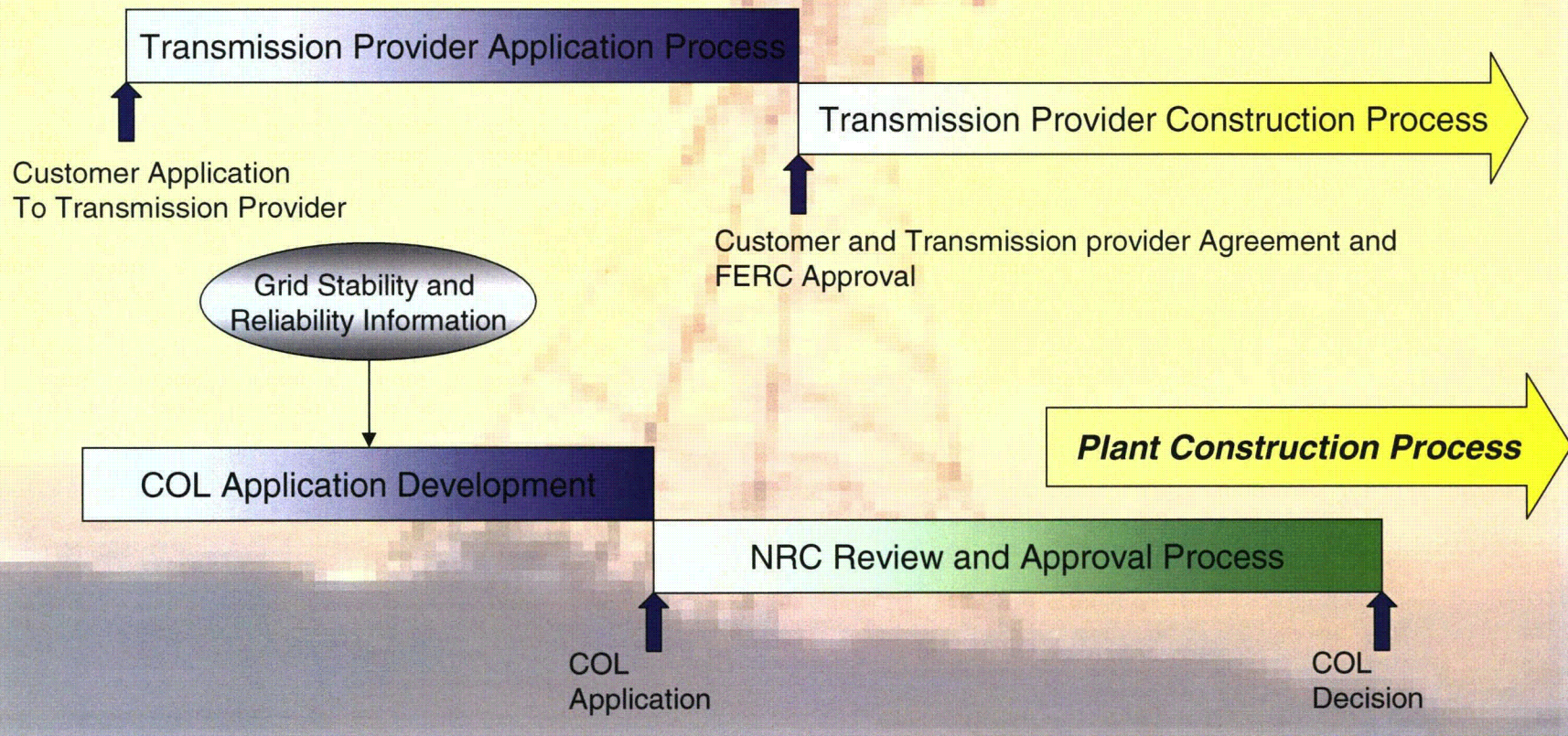


Beyond Summer 2007

- Continue to work closely with stakeholders
- Resolve differences in Station Blackout Rule interpretation
- Learn from the operating experience review



Parallel Review Process

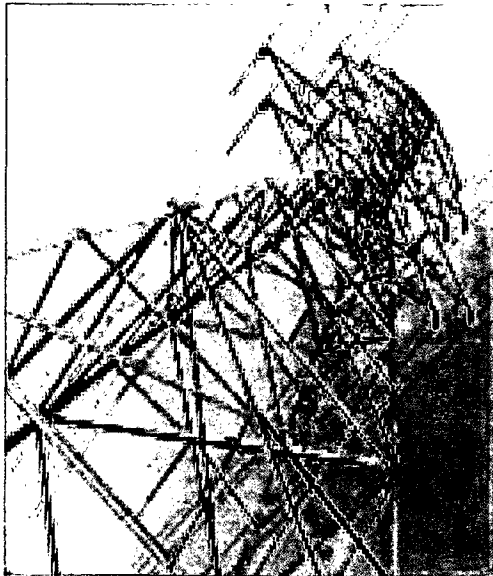




List of Acronyms

- COL - Combined Operating License
- FERC - Federal Energy Regulatory Commission
- ERO - Electric Reliability Organization
- ISO - Independent System Operator
- NERC - North American Electric Reliability Corporation
- NRC – Nuclear Regulatory Commission
- OASIS - Open Access Same time Information System
- TSO - Transmission System Operator

**Joint Meeting of the
Nuclear Regulatory Commission
and Federal Energy Regulatory
Commission
January 23, 2007**



**Joseph H. McClelland
Director, Division of Reliability
Energy Markets and Reliability**

The Energy Policy Act of 2005



- Provided FERC with substantial new authority over the reliability of the Bulk Power System
- Certification of an ERO and approval of mandatory standards for all users, owners, and operators of the Bulk Power System
- The Commission can approve a proposed standard or remand a standard to the ERO or Regional Entity
- The Commission must give “due weight” to the technical expertise of the ERO
- Excludes local distribution and does not authorize the Commission to order the construction of new facilities

Order 672 – Rules for the ERO and Standards



- Order 672 was issued on 2/3/06
- Encourages the ERO to seek international recognition in Canada and Mexico
- Establishes the responsibilities of the ERO as well as its ability to delegate some duties to Regional Entities
- Affirms that regional variations to the reliability standards are permitted in some circumstances
- Affirms the Commission's ability to independently conduct investigations and enforcement actions
- Establishes guidelines for the determination and application of penalties for violations of approved reliability standards

Electric Reliability Organization and Reliability Standards



- On 4/4/06, NERC filed its application to become the ERO and its reliability standards with the Commission for review/approval
- Staff released a preliminary assessment of the standards on 5/11/06
- Comments were solicited through June and a technical conference held in July
- The assessment and comments were used to help draft the NOPR for the Standards

Electric Reliability Organization and Reliability Standards



- On 7/20/06, the Commission certified NERC as the ERO
- On 8/28/06, NERC filed its CIP standards for Commission review and approval
- On 10/19/06, the Commission approved NERC's 2007 Business Plan and Budget as the ERO

Electric Reliability Organization and Reliability Standards



- Also on 10/19/06, the Commission issued the Reliability Standards NOPR
 - The NOPR proposes to approve 83 of 107 standards
 - The NOPR calls for modifications to 62 of 83 of the standards
 - The NOPR sets aside 24 of the 107 standards pending the receipt of additional information
 - The NOPR proposes to direct the ERO to develop a work plan
- To-date, 128 comments comprising approximately 2,100 pages have been received by the Commission

Electric Reliability Organization and Reliability Standards



- On 11/29/06, NERC filed its Delegation Agreements and the Compliance Monitoring and Enforcement Program
- To date, over 140 comments comprising over 1,000 pages have been filed
- On 12/11/06, the Commission issued a preliminary staff assessment on NERC's CIP Standards
- Comments are due on the CIP standards staff assessment by 2/12/07
- The goal is to have mandatory and enforceable reliability standards by the summer of 2007

Grid Reliability

Federal Energy Regulatory Commission
and Nuclear Regulatory Commission

January 23, 2007

Key Initiatives

- Transmission needs for new nuclear units
- Implementing blackout recommendations
- Off-site power reliability standard
- Coordination with NRC

Transmission Needs

- Need thorough studies - Can't just "plug and play"
- Transmission lagging demand and capacity growth
- Increased congestion effects
 - Supply adequacy
 - Energy security
 - Economy
- Transmission planning horizon 5 years or less, but takes longer to permit
- Big question is "who pays?"

Implementing Blackout Recommendations

- New standards
- Vegetation outage reporting
- Compliance enforcement
- Readiness evaluations
- Operator training
- Protective relay reviews
- System modeling

Offsite Power Reliability Standards

- Coordination between nuclear plant and transmission operators
- Ensure safe operation and shutdown
- Ballot in April
- Board approval in May
- Implementation 18 months after FERC approval

Coordination with NRC

- NRC-NERC MOA
- Basic agreement signed August 2004
- Coordination plans signed in May 2005
 - Communication during emergencies
 - Event analyses
 - Exchange of operational experience
 - Participation in NERC committees

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NERC
NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION



U.S. Department of Energy

Office of Electricity Delivery and Energy Reliability

DOE Implementation of EPACT Transmission Provisions

January 23, 2007

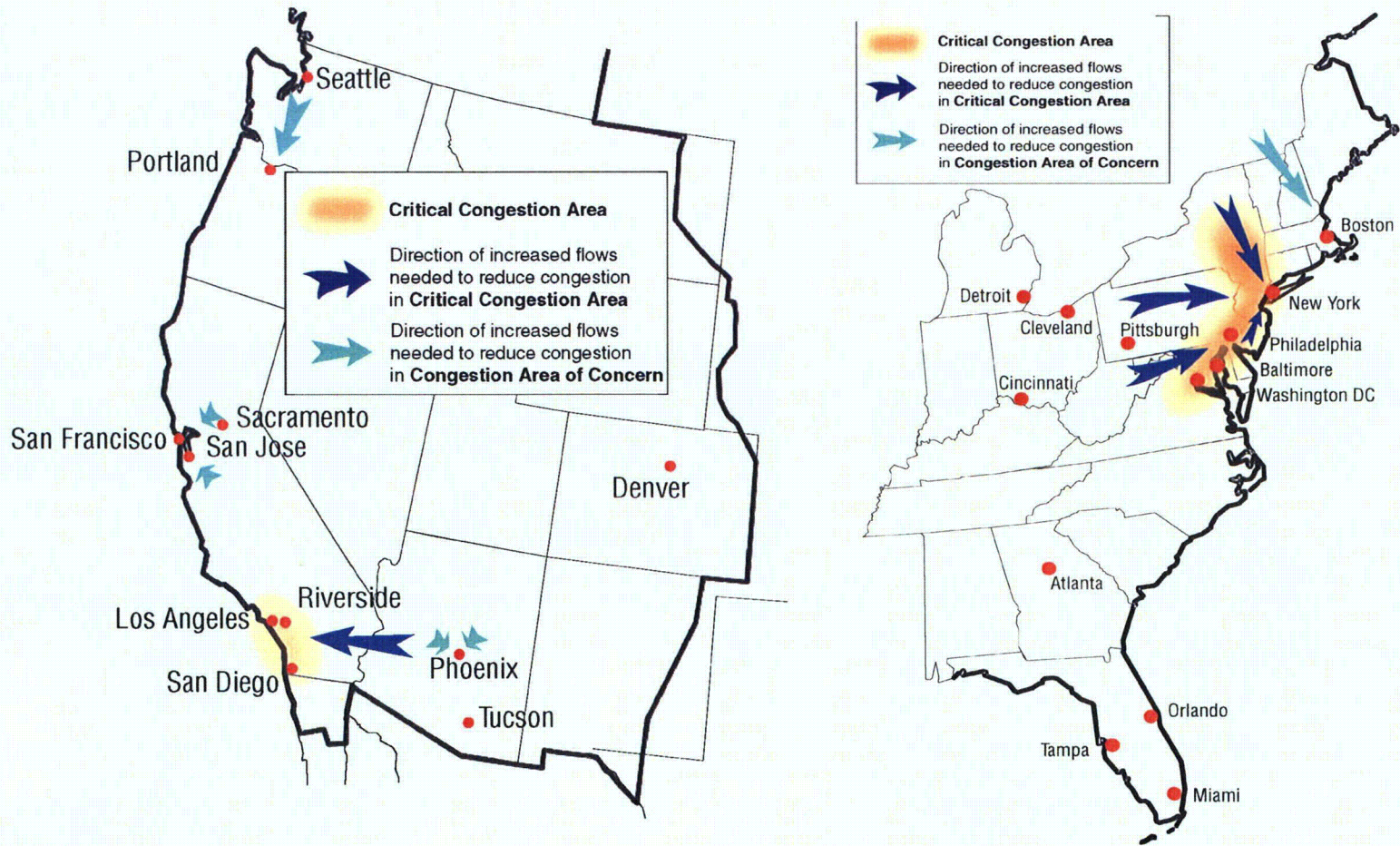
Office of Electricity Delivery
and Energy Reliability (OE)
US Department of Energy



The DOE Congestion Study

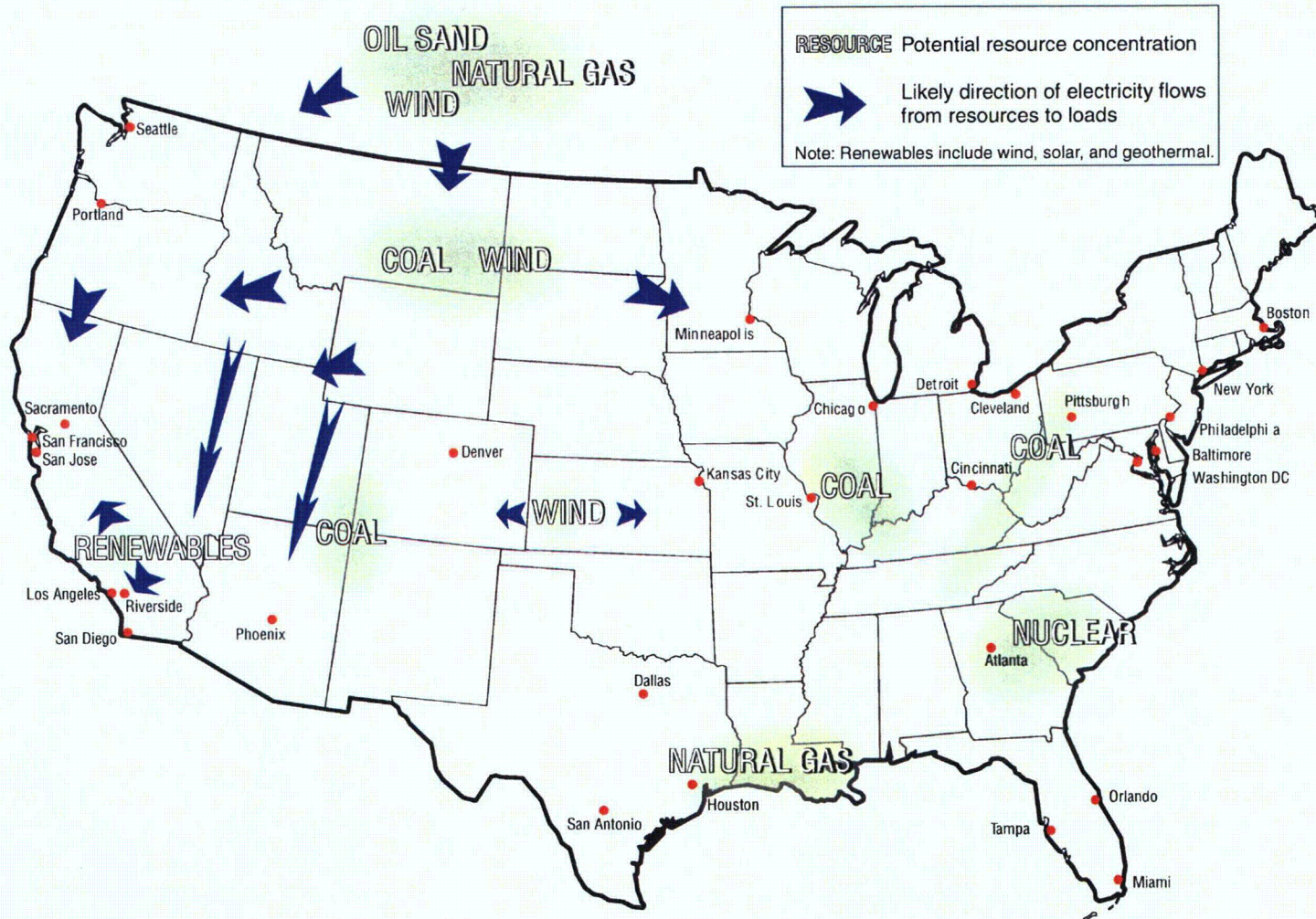
- Published August 8, 2006;
- Identified 3 categories of congestion areas: critical, area of concern, and conditional;
- Requested comments by Oct. 10;
- DOE now evaluating comments. Secretary may propose *draft* “national interest electric transmission corridors;”
- Any draft designation will be followed by a comment period and a possible report and final designation.

Critical Congestion Areas and Congestion Areas of Concern



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Conditional Congestion Areas



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Transmission and New Nuclear Units

- The introduction of new nuclear generation facilities will have profound impacts on the grid;
- Developers should begin dialogue with OE and regional transmission planners;
- Transmission planning, review, and construction must be done in parallel with that for nuclear units.