

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Mandatory Reliability Standards
for the Bulk-Power System

Docket No. RM06-16-000

COMMENTS OF THE CANADIAN ELECTRICITY ASSOCIATION

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or the “Commission”), 18 C.F.R. Part 385 (2002), and the Commission’s Notice in Docket No. RM06-16-000, the Canadian Electricity Association (“CEA”) respectfully submits these comments regarding the Federal Energy Regulatory Commission Staff Preliminary Assessment of the North American Electric Reliability Council’s Proposed Mandatory Reliability Standards (“Preliminary Assessment”).¹

Background

FERC Staff released its Preliminary Assessment on May 11, 2006. The Preliminary Assessment is a technical review of the Reliability Standards that NERC filed with FERC and the Canadian governmental authorities on April 4, 2006. FERC Staff stated in the Assessment that NERC’s voluntary standards program “represents a solid foundation on which to maintain and improve the reliability of the Nation’s Bulk-Power System.” Nevertheless, Staff identified a number of deficiencies in the standards.

¹ The Canadian Electricity Association is the national forum and voice of the evolving electricity business in Canada. At the heart of the Association is a core of corporate utility member companies accounting for the vast majority of Canada’s installed generating capacity and virtually all its transmission capacity. In addition, competitive power marketers, major electrical manufacturers and corporate consulting companies, and several hundred other individual members are grouped within CEA’s broad structure.

FERC is seeking comments on the potential deficiencies identified by Staff, whether the proposed Reliability Standards containing such potential deficiencies meet the statutory criteria and, if not, the process by which the standards should be revised, including giving priority to those that are of the greatest importance to Bulk-Power System reliability. In particular, FERC is seeking comments on whether it should approve a particular standard or remand the standard. In addition, FERC has interpreted the reliability legislation to allow it to also conditionally approve standards or to make some form of interim approval in order to provide some assurances of reliability while NERC has an opportunity to improve the standard in question.

FERC Staff has emphasized that its primary focus is on those standards that are most important to Bulk-Power System reliability. FERC Staff is asking for input to help the Commission identify which standards deserve immediate industry attention and solutions, as well as suggestions for an appropriate plan for addressing the intermediate and longer term improvements which are necessary. And from such suggestions, FERC will issue its NOPR in which it will “(1) approve those proposed Reliability Standards that meet statutory criteria, (2) approve for an interim period or conditionally approve proposed Reliability Standards, and (3) remand proposed Reliability Standards that are determined not to meet the statutory criteria.”

Comments

CEA is not providing comments here with respect to individual standards, although CEA members may submit such comments in their own separate filings. Instead, CEA is offering comments with respect to the broader issue of remand.

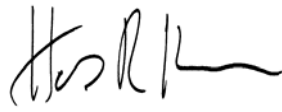
FERC Staff suggested in the Assessment that the Commission may need to remand one or more of the Version 0 or Version 1 standards to the extent such standards do not satisfy the criteria for approval. The remand provision allows the ERO to operate effectively as an

international organization, in that no governmental authority can unilaterally modify a NERC standard for NERC. But CEA anticipates the remand provision will be used sparingly, at the conclusion of an open and inclusive process conducted by the ERO (once designated) that includes both industry and governmental authorities.

FERC is currently considering the approval of existing NERC standards. In its Reliability Standards filing, NERC recognizes that there are deficiencies in the Reliability Standards and that much work remains to be done. In its Assessment, FERC Staff acknowledges that NERC has identified deficiencies in the standards and that NERC has included in its Reliability Standards filing with FERC a workplan for addressing such deficiencies. In that sense, the ERO standards development process envisioned by NERC is only beginning. CEA recommends allowing NERC to address the deficiencies in the standards in the ERO standards development process.

In the “Terms of Reference” signed by the Bilateral Group on June 30, 2005, governmental authorities recognized the importance of cross-border cooperation in addressing issues relating to the remand of a Reliability Standard. In fact, the Terms of Reference includes language recommending that the Bilateral Group “[e]xamine ways to avoid and resolve disagreements and to promote consistency across the border with regard to the ... remand of a standard by a regulatory body...” CEA recommends that FERC follow the recommendation contained in the Terms of Reference and work with the other signatories to the Terms of Reference to address issues relating to the Version 0 and Version 1 standards. Such cooperative efforts should also focus on developing approaches for addressing any issues relating to the remand of any future Reliability Standards.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Hans Konow', positioned to the left of a vertical red line.

Hans Konow
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Dated: June 26, 2006