

ELCON PRESS RELEASE

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ELCON SUPPORTS NERC'S REQUEST FOR EXTENSION ON BES IMPLEMENTATION

ELCON has filed with FERC (Dockets RM 12-6-00 and RM 12-7-00) in support of the request from the North American Electric Reliability Corporation (NERC) for a one-year delay in the implementation of the new definition of the Bulk Electric System (BES). Without such an extension, the new definition would be effective July 1, 2013.

ELCON's President John Anderson explained that "This extension is not only necessary, it is imperative. NERC tried to follow FERC's directive to re-define the BES using a 'bright-line' test. It came up with a new definition that basically said that any facility – industrial, commercial or utility – with assets operating at over 100 kV was part of the Bulk Electric System and therefore should be placed on NERC's Compliance Registry. This would have included virtually every major manufacturing facility in the United States on the Registry, even though most of them could never have an impact on grid reliability. Being on the Registry is a costly proposition – entities that are subject to NERC's standards are must adhere to rules on audits, security, operator training, and a host of other things. The 100 kV threshold is, quite simply, an over-reach."

ELCON's brief stated that "large retail industrial entities are facing potential economic setbacks resulting from heightened regulatory uncertainties surrounding the BES definition" noting that there is no clear definition of "facilities used in the local distribution of electric energy." If the new definition were to be implemented on July 1, ELCON charged that "there would be considerable needless waste of the resources of, on the one hand, potentially affected companies and facilities, and, on the other hand, NERC and the Commission."

ELCON members met with senior NERC and FERC representatives to strongly express their concerns. "I don't think anyone at NERC or FERC had a clear idea of the total impact that the new BES definition would have," Anderson charged. "We are pleased that NERC heard the complaints and has requested the delay in the effective date so everyone can have a clear idea of who would be affected, and how. America's industrial base needs a reliable electricity grid, and we appreciate NERC's efforts to that end. But we don't need a bureaucratic nightmare, and that is likely what we would get if this new definition is implemented without an adequate study of its impact."

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ELCON, established in 1976, is the national association of large industrial users of electricity from virtually every manufacturing sector. ELCON members seek a reliable supply of electricity at competitive prices and have long supported federal and state efforts to achieve that objective. More information about ELCON, including a copy of this filing, is available at ELCON's website, www.elcon.org.