

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

**Smart Grid Policy**

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**Docket No. PL09-4-000**

**COMMENTS OF THE  
ELECTRIC POWER SUPPLY ASSOCIATION**

The Electric Power Supply Association (EPSA)<sup>1</sup> submits these comments in response to the Federal Energy Regulatory Commission's (FERC or the Commission) March 19, 2009 proposed policy statement and action plan concerning Smart Grid standards implementation. EPSA appreciates the opportunity to comment on this very important proceeding, as it is essential that the nation's power grid be operated and utilized in the most efficient way possible. This proposed policy statement focuses on prioritizing standards that will be developed by the National Institute of Standards Technology (NIST) and later implemented through a FERC rulemaking proceeding.<sup>2</sup>

Specifically, the proposed policy statement asks for comments on what steps FERC can take to expedite the development of interoperability standards and implementation of Smart Grid projects. EPSA posits that while Smart Grid technologies and standards are being developed, it is of the utmost importance that the Commission focus on maximizing the efficiency of the existing power grid. These standards should not only focus on the expected influx of intermittent generation and new technology, but

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<sup>1</sup> EPSA is the national trade association representing competitive power suppliers, including generators and marketers. These suppliers, who account for 40 percent of the installed generating capacity in the United States, provide reliable and competitively priced electricity from environmentally responsible facilities serving global power markets. EPSA seeks to bring the benefits of competition to all power customers. The comments contained in this filing represent the position of EPSA as an organization, but not necessarily the views of any particular member with respect to any issue.

<sup>2</sup> Energy Independence and Security Act of 2007, Section 1305 (d).

should also take into account that current generating facilities should be operated and dispatched as efficiently as possible. EPSA emphasizes that this is critical in order to ensure that the increased efficiency goals of Smart Grid will be fully realized across the electric grid. Any standards applicable to existing infrastructure should be developed on a fast track, as such standards serve as the beginning step to ensure Smart Grid's success. Further, these are standards within FERC's supply-side jurisdictional authority that will help advance several other related proceedings underway at the Commission.

**I. Comments**

The proposed policy statement sets out four key grid functionalities and two core cross cutting issues by which to prioritize Smart Grid standard development. Thus, the policy statement essentially sets up a matrix for prioritization that looks like this:

<b>"Cross Cutting Issues"</b>			
		Cyber Security	Common Semantic Framework
<b>"Key Grid Functionalities"</b>	Electric Transportation		
	Electric Storage		
	Demand Response		
	Wide Area Situational Awareness		

The policy statement proposes that standards that fit into one or more of those boxes should be given the highest priority. Further complicating this matrix is the policy statement's delineation of three different standard interaction relationships – (1) interfaces between utilities; (2) interfaces between utilities and customers; and, (3) interfaces between utilities and other systems (e.g. energy management systems). These three interaction relationships are not prioritized, but are set forth as categories under which any particular standard could fall. Thus, the above matrix should be reproduced in triplicate, one for each potential interaction relationship to develop three separate prioritization matrices. EPSA believes this is an appropriate way to prioritize such complex issues, as these standards must take into account not only how they relate to each other, but how they relate to the current political and regulatory constructs surrounding grid efficiency and renewable generation additions.

The first of the three prioritization matrices dealing with interfaces between utilities, which would include utility companies in RTO and non RTO areas, should be of the greatest priority for the Commission. This is the area where FERC has the greatest jurisdictional authority as envisioned by the Energy Independence and Security Act of 2007.<sup>3</sup> Within the utility-to-utility framework of prioritizing standards, the Commission should give high priority to any standards that serve to maximize the use or efficiency of existing resources. EPSA also believes that FERC should work with state regulators and other regulatory bodies to develop and implement standards for interfaces between utilities and customers, and interfaces between utilities and other systems.

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<sup>3</sup> Section 1305 (d) is titled "Standards for Interoperability in Federal Jurisdiction."

It is widely held that the existing grid could be operated more efficiently.<sup>4</sup> Smart Grid implementation promises technologies that will advance grid efficiency.<sup>5</sup> The proposed policy statement correctly points out that Smart Grid technology and related standards are particularly important now, as more and more intermittent resources plan to come online to meet renewable portfolio standards. However, it is equally important to concentrate on existing traditional resources. The proposed policy statement seems to focus primarily (if not solely) on new resources, particularly intermittent generation. Though the policy statement references “the ability to maximize the capability of *existing* and new transmission capability,”<sup>6</sup> there is little mention of how to maximize existing resources. In fact, these resources should be given a higher priority for standards development at this time, as these standards can be begin to be implemented as soon as they are approved because the resources already exist. Additionally, this will better prepare the grid for the physical challenges that expansion, increased demand response programs and renewable interconnection will bring, and will prevent making changes to the existing system to the detriment of existing resources. Moreover, an expedited priority level for standards that target existing infrastructure will further regulatory certainty for current market participants, thereby creating a better atmosphere for investment in both grid expansion and smarter grid technologies.

Chairman Wellinghoff stated that one of his chief priorities is “pursuing continual improvements in operational and technical efficiency across all aspects of the industries

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<sup>4</sup> See: <http://www.climate.org/publications/Climate%20Alerts/Spring2009/SmartGrid.html> ; <http://inspiredeconomist.com/2009/04/04/it%E2%80%99s-time-to-get-smart-smart-grid-technology-proposed-for-ma/>.

<sup>5</sup> Proposed Policy Statement, P. 3.

<sup>6</sup> Proposed Policy Statement, P. 13, emphasis added.

[the Commission] regulate[s].”<sup>7</sup> The proposed policy statement represents a good first step in achieving that goal. EPSA supports the Commission’s efforts to prioritize the elements of its upcoming rulemaking on Smart Grid implementation standards and encourages FERC to make top priority of those standards that speak to increasing the efficiency of existing infrastructure as well as those that will accommodate new resources and technologies.

## II. CONCLUSION

EPSA fully supports the Commission’s pre-prioritization of Smart Grid standards and looks forward to commenting on them once a rulemaking is initiated. The Commission should give the highest priority to standards that will be imposed on existing infrastructure, as those standards can be implemented expeditiously, and will provide for the most efficient actualization of the benefits the Smart Grid will provide.

Respectfully submitted,



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<sup>7</sup> Transcript, FERC Sunshine Meeting (April 16, 2009), p. 7, lines 5-7.

**CERTIFICATE OF SERVICE**

I hereby certify that I have served a copy of the comments via email upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., May 11, 2009.

A handwritten signature in cursive script, appearing to read "N. Bagot", written in black ink.

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Nancy Bagot, VP of Reg. Policy