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Reliability Tops FERC's FY 2011 Budget Proposal

The Federal Energy Regulatory Commission (FERC) released its FY 2011 budget proposal yesterday, with the Office of Electric Reliability (OER) garnering the largest increase among FERC's offices and divisions. The total FERC proposed budget request is \$315.6 million, a \$17.6 million increase over the FY 2010 budget.

The proposed increase for OER indicates that FERC plans to make reliability of the electric transmission grid—and enforcement of the North American Electric Reliability Corporation (NERC) Reliability Standards—a priority in 2011. Highlights from FERC's budget proposal pertaining to reliability include:

- FERC proposes to increase the budget for its reliability program by 10.9%, the largest single percentage increase in the entire proposal, for a total reliability-related budget of \$35 million;
- FERC has also proposed to add five full-time equivalent employees to its reliability ranks, an increase of 3% over FY 2010 (and almost half of the total increase in FERC's FTEs for FY 2011);
- Along with new employees, FERC anticipates requiring \$2.25 million for contractor support for reliability-related work; and
- FERC expects to receive from NERC Notice of Penalty filings addressing an average of 100 violations each month in 2011.

Notably, FERC has requested one of the smallest increases in its proposed budget for its compliance and enforcement program. This is in contrast to requests for significant budget increases for compliance and enforcement over the past several years.

Significantly, although FERC expects NERC to file an estimated of 100 violations per month in 2011, overall it anticipates fewer total reliability violations to be filed in 2011—which means more FERC employees with a bigger budget focused on fewer violations. Entities subject to regulation by NERC and its Regional Entities should factor this information into their compliance programs.



If you have any questions about the foregoing or any other aspects of FERC's proposed budget for FY 2011 or would like to be included on our Electric Reliability mailing list, please feel free to contact any of the attorneys listed below or the Sutherland attorney with whom you regularly work.

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