A number of organizations are central to the electricity industry and have a significant effect on PJM Interconnection and its operations. These organizations are involved in both the operational and markets aspects of the industry.

The Federal Energy Regulatory Commission (FERC) is an independent agency that regulates the transmission and wholesale sale of electricity in interstate commerce, as well as the licensing of hydropower projects. The FERC also oversees the interstate transmission of natural gas and oil and administers accounting and financial reporting regulations and the conduct of the companies under its jurisdiction. The FERC is the agency that regulates the activities of PJM and the other regional organizations that manage the electricity grid. It protects the reliability of the high-voltage interstate electric transmission system through mandatory reliability standards and monitors and investigates energy markets. The FERC’s predecessor agency, the Federal Power Commission, was formed in 1930.

The North American Electric Reliability Corp. (NERC) has been designated by the FERC as the Electric Reliability Organization responsible for improving the reliability and security of the bulk power system in the United States and North America. To achieve that, NERC develops and enforces reliability standards; monitors the bulk power system; assesses the future adequacy of the system; audits owners, operators, and users for preparedness; and educates and trains industry personnel. Eight regional reliability entities work with the NERC to enforce the reliability standards.

ReliabilityFirst Corp. (RFC) is the regional reliability entity that oversees the reliability and security of the interconnected electric system for most of the region served by PJM. It enforces NERC and regional reliability standards and monitors compliance with them to protect the electric grid. ReliabilityFirst was approved by the NERC and began operating in 2006. It succeeded three former NERC regional reliability councils: the Mid-Atlantic Area Council, the East Central Area Coordination Agreement and the Mid-American Interconnected Network.

The North American Energy Standards Board (NAESB) serves as an industry forum for the development and promotion of standards aimed at creating seamless marketplaces for wholesale and retail electricity and natural gas. It was formed in 2002, growing out of the former Gas Industry Standards Board. In addition to developing standards and model business practices for wholesale and retail gas and electricity markets, NAESB works cooperatively with the FERC, the Department of Energy, the Department of Transportation and state regulatory commissions. The development of a standard may be requested by a government agency or an interested party; industry participants then develop the standard through NAESB’s processes. The board forwards proposed standards to the relevant agency for further review and action.

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