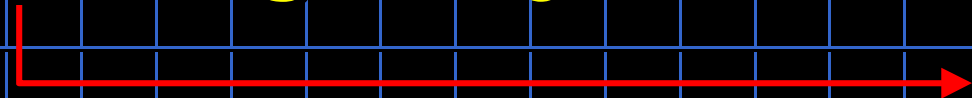




Alternative Solution Developing Wholesale Industry Standards Setting Body



Jonathan Puckett
Dec. 7, 2001

Industry Forum On The Consideration
of an
Energy Industry Standards Board

Topics

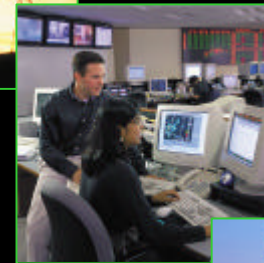
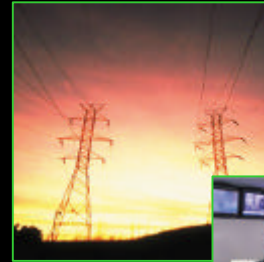
- Objective of This Proposal
- Main Objectives for the New Organization
- Composition and Structure of New Organization
- Consolidation of NERC and NAESB
- One Stop Shop
- Additional Comments/Final Thoughts
- Questions

Objective of This Proposal

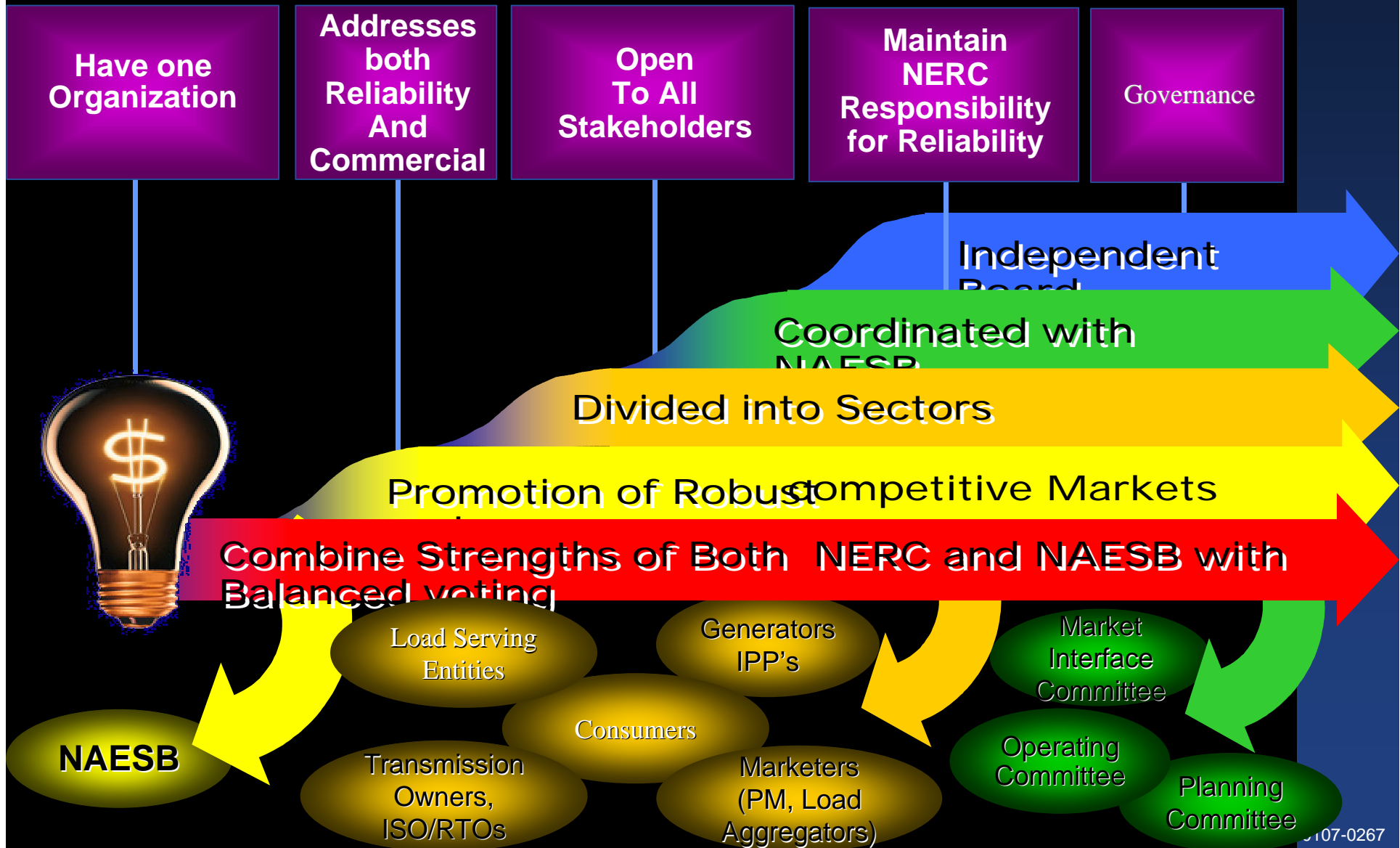
- Not to advocate NERC or NAESB
- Suggest a Structure that Combines the Best of both NERC and NAESB
- Get the Support of the FERC & DOE for one standards setting Organization
- Form a Joint Task Force to join the two organizations together NOW not later.

Rationale For New Organization

- To take into Account All Stakeholders with a Fair and Equal Voting Process
 - Transmission Providers
 - Marketers (PM, Load Aggregators, etc)
 - The Reliability and Security of System
 - Generation
 - Consumers
 - Load Serving Entities
 - Regulators



Main Objectives for the New Organization



How Do We Build This New Organization

Join Together

Initiate a
Position

Choose a course of
Action with the support
of FERC & DOE

Execute Now

Build the
Organization

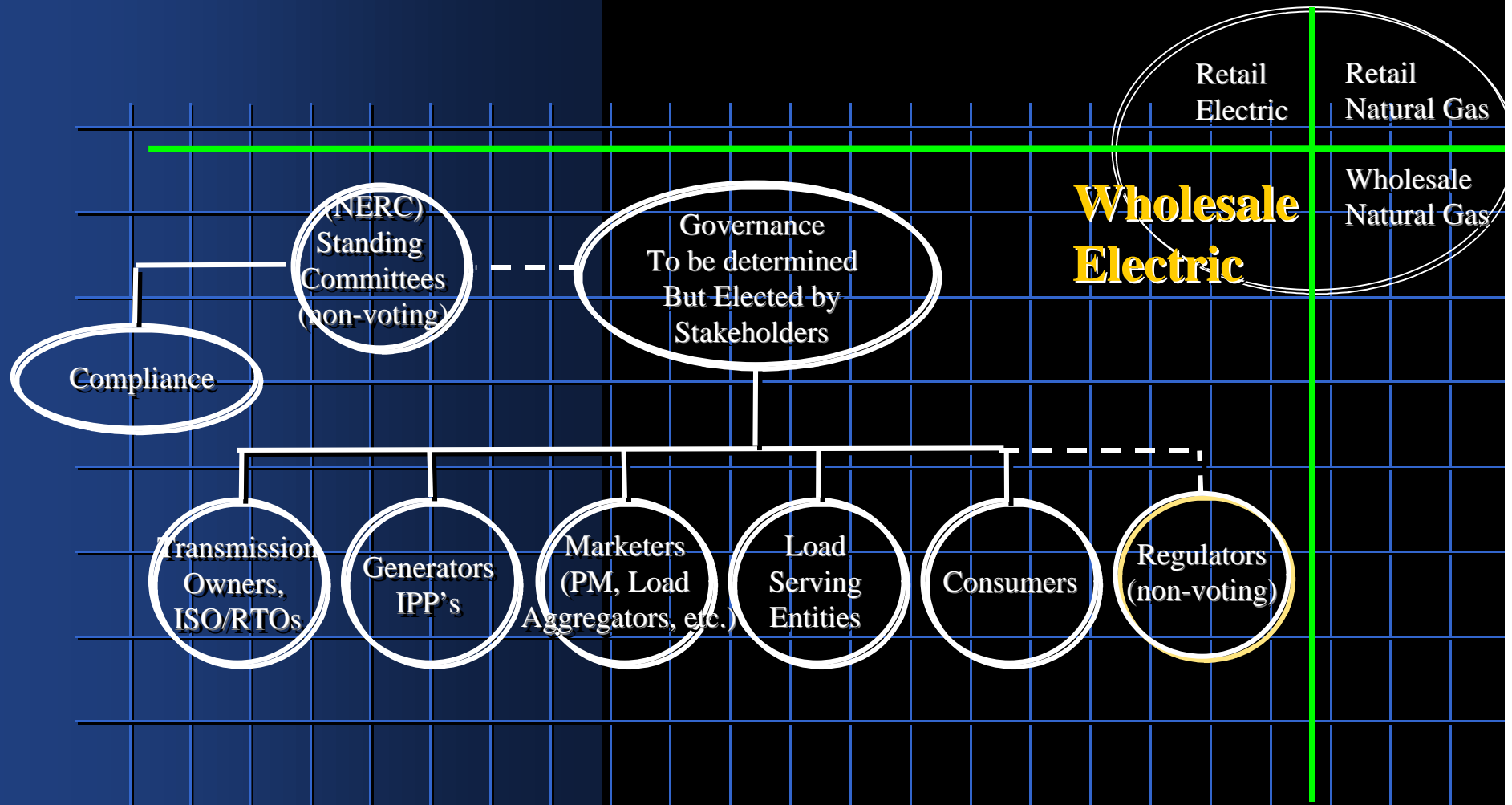
Manage the
Development with a
Joint Task Force

Optimize

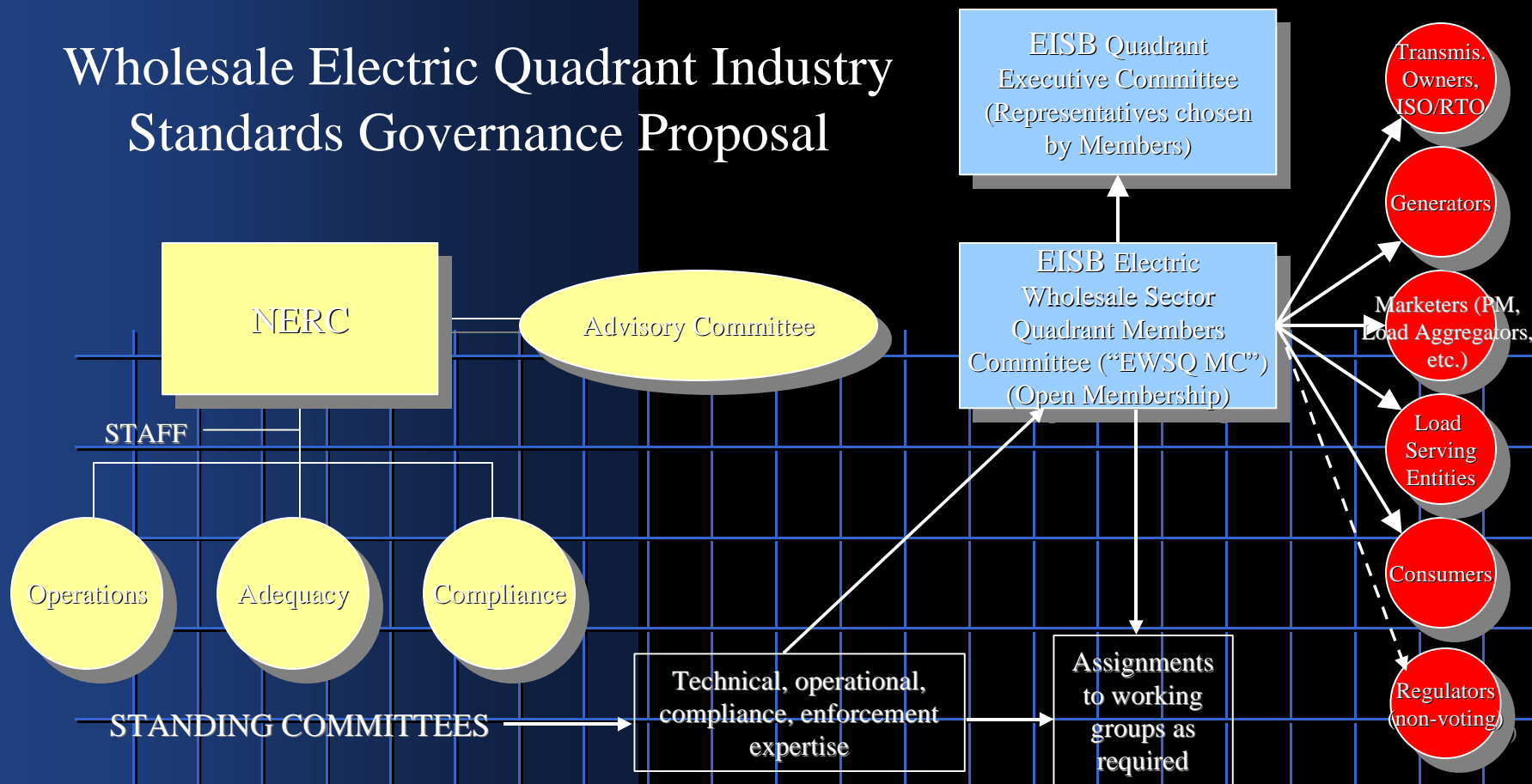
Take the
Opportunity

Have One organization that
Builds a More Robust
Market Place and Increases Reliability

Suggested Proposal for New Organization



Wholesale Electric Quadrant Industry Standards Governance Proposal



- CONTINUING NERC FUNCTIONS:
- | | |
|---|-----------------------------|
| 1. Operating guidelines. | 4. Monitoring of Operations |
| 2. Compliance with reliability standards. | 5. Certification |
| 3. Databases | 6. Analysis of Outages |

By Combining Both

NERC Staff

Engineering Expertise

NERC Functions

Outlined Above

NAESB Staff

Organizational Expertise

NAESB

Workable Process

Fairness & Enforcement

FERC Oversight

Challenges

Challenges Presented Today

Form One Organization

- NERC
- EISB
- Combine Both

How To Accomplish

- Compromise
- Negotiation
- Strategic Planning
- Fairness
- Joint Task force of NERC, NAESB and Stakeholders

Enforcement

- FERC
- Canada
- DOE
- ALL

Additional Comments / Final Thoughts

- This is not a Third Proposal It is the same as Presented by NERC and by NAESB
- It says yes to both NERC and NAESB
- Maintains Critical NERC Reliability Functions
- NERC Funding Can Remain (but open)
- Provides Stakeholders with a single Standards Setting Process
- Is Endorsed by FERC, DOE, EPSCA, EEI, Canada and others



**Questions
Or
Comments**