

Subj: **Comments on Draft NERC-NAESB MOU as of 10-31-02**  
Date: 11/3/02 8:46:01 AM Central Standard Time  
From: Scott Brown - Exelon

Exelon offers the following comments on the 10/31/02 draft of the NERC-NAESB MOU:

- Line 11 - insert "core" between "developing" and "reliability". Footnote "core reliability standards" with a reference to the NERC Board's decision to limit standard development activity to the Reliability Principles and Market Interface Principles. The current whereas statement is too broad and fails to recognize a boundaries that have been set by the NERC Board.
- Line 24 & 25 - suggest the NERC-NAESB MOU Team re-visit the need for this whereas statement. This MOU will take precedence over the 2 existing standards development process by the fact that both parties are agreeing to cooperate, jointly review requests and abide by the decisions of the process. We realize the statement does not prohibit changes to existing standards process, but it sets a tone of distrust for those that will review the finished product of the effort. We suggest striking the entire whereas or limiting it to a commitment not to denigrate the charters.
- Line 68 - We support the investigation of the idea suggested by Calpine to consider a role for FERC in deciding ties, but if that proves not to be achievable, we suggest replacing "Chairmen of the Parties" with "Chairman of NERC Board and the Vice Chairman of the Wholesale Electric Quadrant ("WEQ") of NAESB." The Vice Chair of the WEQ is elected by the balanced segments of the WEQ and is responsible for representing the membership of the WEQ thus is better qualified represent NAESB in a matter that always concerns wholesale electric issues. We appreciate that the Chairman of NAESB would normally seek council from the WEQ on these matters, but think this change would be more efficient.
- Line 149 - The idea of using a schematic to identify the coordination guidelines is helpful. But the NERC Functional Model contains many lines between the entity boxes that describe detailed tasks, before we can support the use of this diagram we need to see what tasks would be assigned to each standards group. This could be accomplished by listing the tasks or color coding the document. If the MOU Team is not prepared to get to that level of detail at this time, then the detailed task lines should be removed from the version of the diagram that is used for the MOU and it should no longer be called the NERC Functional Model for purposes of the MOU document.
- Line 150 - typo, "generator" should be "generation"
- Line 170 - insert "(e.g., an order from FERC)" after "Regulatory direction".
- Line 171 and 172 - replace "the reliable operation" with "a core reliability function". See suggestion for Line 11 for justification.
- Line 176 - strike entire bullet. This is seems to broad. Both core reliability and business practices have a compliance element so this should not be used as a determining criteria.

- Line 179 - Exchange the position of Bullet "d." and Bullet "e.". The JIC should be brought in as early as possible to make the process more efficient. Once the JIC has assigned the appropriate group that group can proceed with its development process.

Exelon appreciates the time and effort that the MOU Team has put into developing this critical agreement and we hope these suggests will help further this effort.

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