

**Alternate Proposal for Populating the NAESB Wholesale Electric Quadrant  
May 2, 2002**

At the April 5, 2002 NAESB WEQ meeting in Houston, a motion was made to tentatively establish a 6 segment voting model for the WEQ based upon the Electronic Scheduling Collaborative's voting structure. It is comprised of:

- Transmission providers
- Generators
- Distribution/Load Serving Entities
- End-use Customers
- Brokers/marketers/aggregators
- ISOs/RTOs

This was approved by a 2/3 majority vote of the attendees of the meeting. In preparation for the May 8 meeting, a strawman of a set of By-Laws for the WEQ has been proposed for discussion. This Strawman reiterates the 6 segment voting model that was voted on at the April 5 meeting. The May 8 meeting seeks to confirm the segment structure in order to move forward the process of forming the WEQ.

Entities that are endorsing this "Alternate Proposal" believe that a 5 segment voting structure is more appropriate than the currently proposed 6. These entities believe that a functional approach to delineate voting segments is most appropriate and that an ISO/RTO segment is really a sub-set of the transmission provider segment. Though it may be that ISOs and RTOs not have the same perspective as transmission owners on all business standards for the wholesale electric market, open transmission access policies dictated by FERC will be the driver of these standards, and stakeholders will be challenged to find common ground to pass any standard. To this end, the entities believe that a consensus building process must be structured in a manner that promotes cooperation and compromise and not draw boundaries between stakeholders that provide the same functional service in the marketplace, but may differ in ownership rights or operational preferences. To make such delineation would be a step in the wrong direction towards a consensus building process.

The entities believe the 5 segments are the core functional areas of the wholesale electric marketplace. The entities also recognize that there are differences in business interests, corporate structure, regulatory fiat, and governmental needs for stakeholders that may fall into any and each of these 5 segments. But the entities believe that this is the most appropriate structure to bring these parties with divergent business interests together to work in a cooperative manner within the functional areas of the marketplace. The establishment of Sub-segments within a Segment may be used to protect special interests within each functional segment. Sub-segments may be used to identify Executive Committee seats or veto authority for a Segment.

## 5 Segments for the WEQ

1. Transmission Providers – entities who have a business interest associated with providing transmission service for the wholesale electric marketplace
2. Generators – entities who have a business interest associated with providing energy for wholesale electric markets
3. Brokers/Aggregators/Marketers – entities who have a business interest associated with arranging for the purchase and/or sale of wholesale electric energy or energy trading products
4. Distributors/Load Serving Entities – entities who have a business interest associated with the distribution of wholesale energy to load
5. End-Use Customers – entities who have a business interest associated with the consumption of energy purchased in the wholesale electric marketplace

The entities that endorse the Alternate Proposal 5 segment model (in alphabetical order):

Allegheny Energy Supply

Calpine

Cinergy

Duke Energy (Duke Power/Duke Energy North America)

El Paso Merchant Energy

Exelon Power Team

Ontario Power Generation

PG&E National Energy Group

Reliant Resources

Rochester Gas & Electric

Southern Company (Marketing)

UBS Warburg Energy LLC