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Ms. Rae McQuade
Executive Director
North American Energy Standards Board
1100 Louisiana, Suit 3625
Houston, Texas 77002

Dear Ms. McQuade:

Con Edison has supported NAESB as the appropriate organization to develop wholesale business practices and communication protocols. NAESB will have a critical role in developing these standards, which will help efficiently coordinate multiple RTOs using the standard market design to be adopted by FERC.

The May 16, 2002 FERC order highlights the importance of NAESB's efforts and their future impact on efficient and competitive electric markets. In this light, I am certain that the May 28, 29 meeting agenda in Birmingham, Alabama will include a discussion of the FERC order. As part of that discussion, we urge that the issue regarding the role of RTOs in NAESB be specifically addressed.

In the May 16 order, FERC stated "The commission expects, as a general matter, that the NAESB standards will establish common business practices and communication protocols by which customers will transact business with the RTOs and between RTOs". At the most recent NAESB meeting in Denver, Con Edison recommended a segment for RTOs and ISOs as part of the NAESB Wholesale Electric Quadrant. As a transmission owner located at the hub of three operating wholesale markets (NYISO, PJM, ISO-NE), Con Edison recognizes the necessity of excellent coordination among ISOs and/or RTOs. The efficient scheduling of energy products throughout the Northeast region, for example, will be extremely beneficial for our customers, and indeed, all market participants. Market timing issues and communication standards must be properly developed in order to minimize seams between RTOs.

Therefore, Con Edison proposes that the role of RTOs within NAESB's Wholesale Electric Quadrant be included on the agenda to be addressed by the NAESB stakeholders in Birmingham. We firmly believe that among other issues, market participants should acknowledge that RTOs are required to balance the interests of all market participants, including generators, transmission owners, load serving entities, marketers and end users. Furthermore, as the RTOs will be responsible for implementing the business practices and protocols developed by NAESB, RTOs and ISOs, as a single group, should have a particular and prominent role within NAESB. Con Edison strongly suggests developing a full description of this role within NAESB should be one of the primary goals of the Birmingham meeting.

We appreciate your substantial efforts to establish the Wholesale Electric Quadrant within the NAESB. Con Edison looks forward to working with you as this quadrant is developed.

Very truly yours,

Terry Agriss