



North American
Electric
Reliability
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September 24, 2002

Messrs. Mark Bennett, Electric Power Supply Association
Charles Gray, National Association of Regulatory Utility Commissioners
John Anderson, Electricity Consumers Resource Council

Gentlemen:

NAESB-NERC Memorandum of Understanding

We have received your communication of September 18th. Be assured that both of our organizations are committed to ensuring that any Memorandum of Understanding (MOU) drafted by the negotiating team consisting of the representatives already named by NERC and the representatives from the NAESB Wholesale Electric Quadrant (WEQ) directors, be such as to facilitate an efficient and effective process that will lead to comprehensive standards developed in an open and inclusive environment.

Indeed, this could not be otherwise, since both NAESB and NERC are ultimately responsible to their members, the industry as a whole, and FERC, all of whom wish this process to be properly accomplished. Also, we take seriously FERC's injunction that the two organizations act in a cooperative manner, making use of the particular expertise each of us brings to the table in developing standards that meet the needs of the energy market throughout North America, ensure reliability, and reduce transaction costs.

Clearly, many of the members of your three organizations are members of our organizations, and Mr. Anderson of ELCON, of course, is now a NAESB WEQ director. Likewise, there are many other organizations that desire that we conclude a well-drafted MOU in a timely fashion, so that our two Boards can consider and ratify it as soon as possible. Our negotiators would be pleased to receive any written suggestions on the subject of the MOU from any of them, directed to the NAESB or NERC offices, and we are sure the negotiators will give them due consideration.

Very truly yours,

Richard Drouin
Chairman
North American Electric Reliability Council

William P. Boswell
Chairman
North American Energy Standards Board