

**Date: December 13, 2002**

**Subject: NAESB's Business Practices Subcommittee Proposed Work Plan on Creditworthiness**

Calpine Corporation would like to make an official statement for the record regarding NAESB's Business Practices Subcommittee's ("BPS") proposed creditworthiness work plan, submitted to the Executive Committee for adoption on December 12, 2002.

The BPS proposed work plan is deficient in scope. Three of the most important items associated with creditworthiness have been left off the work plan:

- (1) Credit Evaluation Criteria and Process – By what standards and process will the TSP evaluate existing and potential customers in making a credit worthiness determination.
- (2) Credit Assurance Amount – What is the appropriate amount credit assurance required if a customer is deemed non-creditworthy.
- (3) TSP Credit Assurance – What are the appropriate collateral assurance requirements when a TSP is deemed non-creditworthy.

There has been significant concern expressed at the BPS meetings held in November and December from certain segments that there is not enough policy guidance from the Federal Energy Regulatory Commission ("Commission") to take up these items.

If the Executive Committee makes the same conclusion, Calpine urges it to remedy that by requesting from the Commission, at the earliest outset, the necessary policy guidance that would allow NAESB to develop standards for these fundamental issues associated with creditworthiness.

With the necessary policy guidance from the Commission, NAESB can develop a complete set of meaningful standards that will create a healthy balance between the needs of the transportation service providers (i.e. appropriate protection from payment defaults) and their customers (i.e. protection from unnecessary and excessive collateral requirements).

Sincerely,

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