



It's All About Markets.....

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The Race began in 1992...

- 1992 Energy Policy Act (EPAct)
 - *Required utilities to provide transmission service to generators*
- 1996 FERC Order 888 & 889
 - *Required all utilities to open transmission grid to generators and functionally unbundle wholesale power prices; Est'd OASIS*
- 1999 FERC Order 2000
 - *Established criteria and requirement for utilities to file regarding participation in Regional Transmission Organizations (RTOs)*
- 2002 Standard Market Design NOPR (issued)
 - *Will standardized market rules for competitive wholesale electricity marketplace*
- 2003 Wholesale Market Platform (issued)
 - *Will modify SMD to better account for regional differences*



...its turns out it is not a sprint...

- In the Year 1992:
 - *EPAct became law*
 - *IBM introduced the Thinkpad*
 - *Euro Disney Opened*
 - *Internet hosts reached 1,000,000 (2003=172 million)*
 - *Movie of the Year – Clint Eastwood’s “Unforgiven”*
 - *William Jefferson Clinton was elected President*
- Many Good Ideas; Many Smart People



...but we need to finish the Marathon

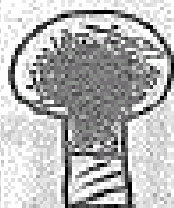
- DOE estimates wholesale electricity markets save consumers \$13 billion per year;
- Another DOE study predicts it could rise to as much as \$20 billion per year in savings;
- Multiple studies have concluded that the establishment of RTOs will result in annual efficiency improvements worth millions of dollars;
- DOE, EPRI, EEI have concluded that billions of dollars of investment is needed in the Nation's transmission grid and it will pay for itself if planned regionally.



Signs remind us of the need...

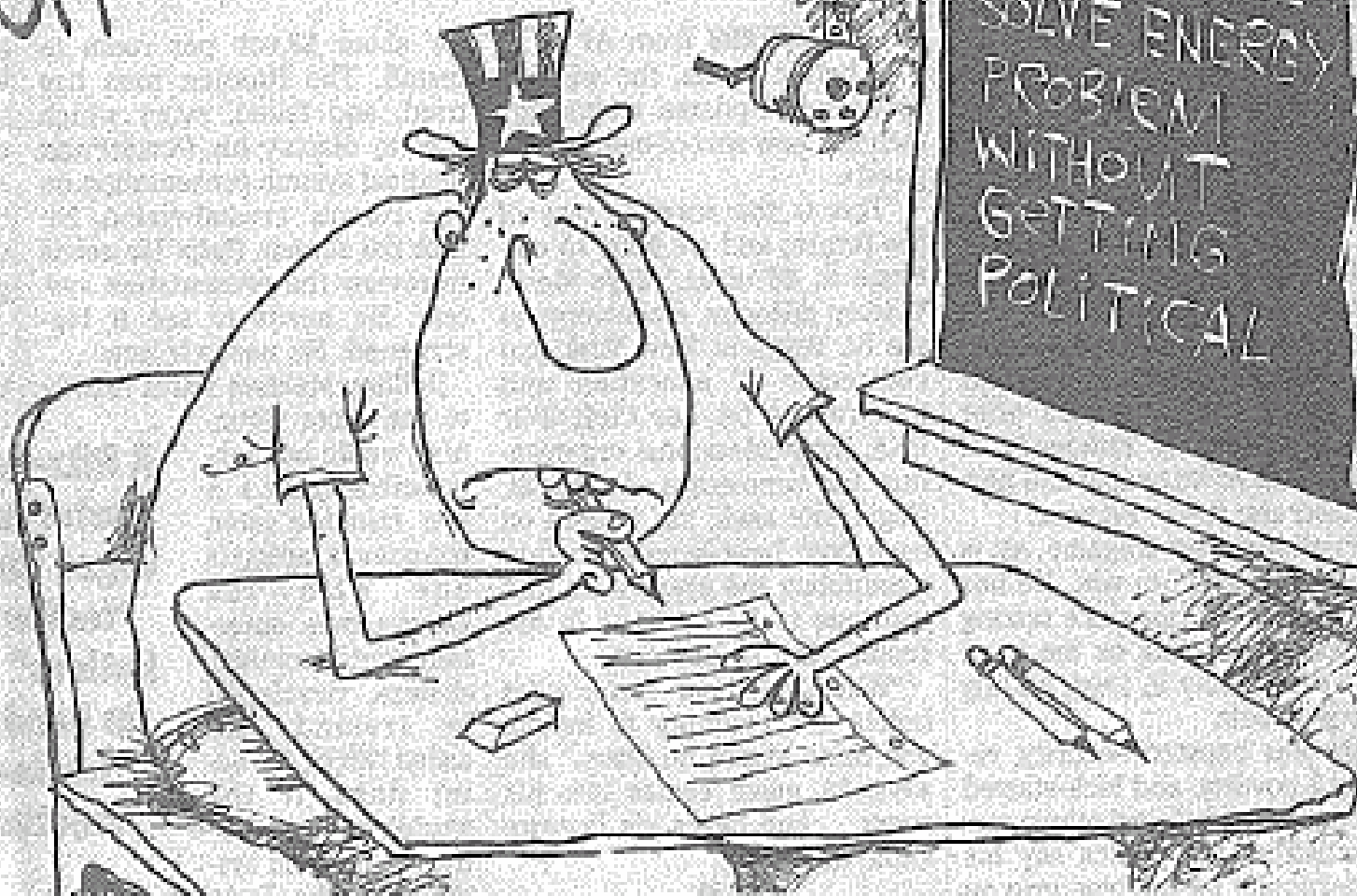
- 1996 Western Power Outages
- 2001 California Market Meltdown
- 2002 Energy Company Equity Meltdown
- 2003 "The Blackout"

BLACK
OUT -



TEST:
SOLVE ENERGY
PROBLEM
WITHOUT
GETTING
POLITICAL

1995



GLENN MCCOY/ Ballwin News-Democrat (Tony Auth is on vacation.)



...and sages recognize the need...

- **“We must either move forward to bring the restructuring, regulatory and competition reform process to a successful conclusion or return the past. We can’t stay stuck in the middle without creating much more serious long-term problems for electricity consumers and the economy.”**
 - Dr. Paul L. Joskow, Massachusetts Institute of Technology
- **“Better regional coordination would bring billions of savings each year after an initial investment also of billions of dollars.”**
 - Hans Stouffer, Cambridge Energy Research Associates (CERA)
- **“Nobody wants to invest without some clarity on how they're going to get a return on that investment”**
 - Kaz Shakir, Bank of America Securities
- **“Congress should act promptly to support FERC’s plan for empowered, all-inclusive regional transmission entities. A three-year delay, as some are proposing, would impose an intolerable risk on the nation.”**
 - Honorable Robert Taft, Governor of Ohio
- **“Regional Transmission Organizations with well-functioning wholesale markets, are essential for assuring the long-term reliability of our Nation’s electric power grid”**
 - Elizabeth (Betsy) Moler, Exelon Corporation and former FERC Chairperson

...to get to the Finish Line!!

The Vision of EPACT 1992



Order 888/889



Order 2000



Order SMD/WMP





NAESB needs to be in the Winners Circle

- Benefit of experience;
 - Provide a consistent process to develop the details of the business rules;
 - Seamless coordination with NERC and IRCs;
 - All voices must have a chance to be heard.
- *We must all be prepared to commit resources or risk having the details written for us.*