

COMMUNICATION AND COORDINATION PROTOCOLS

A need exists to develop standards, for both commercial business practices and reliability, to enhance the competitive energy markets throughout North America. NAESB and NERC propose to work together and coordinate the development of business practice standards and electronic communications protocols by NAESB along with core reliability standards by NERC for the wholesale electric market. It is the intent of both organizations that the commercial and reliability standards work together to assure an efficient and reliant competitive market and that all reasonable efforts be made to eliminate overlap and duplication of effort while both parties keep each other fully informed as to their respective efforts.

Since the Wholesale Electric Quadrant (WEQ) of NAESB is still in the process of forming, a formal Memorandum of Understanding is premature. NAESB and NERC agree that as soon as the WEQ has developed to the extent that its quadrant is represented on NAESB's Board and Executive Committee, then the appropriate representatives of both parties will negotiate a formal Memorandum of Understanding to implement coordinated NAESB and NERC efforts.

In the unlikely event that conflicts arise that cannot be resolved between the WEQ of NAESB and NERC, then the matter may be submitted to the Federal Energy Regulatory Commission for resolution.