

Subj: **Proposed Framework for NERC - NAESB Coordination**
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From: David McMillan

I would like to provide the NAESB negotiating team with a proposed outline as a starting point in the upcoming discussions with NERC. It is my strong belief that for a standards creation coordination process to be successful, it must be as streamlined, efficient, and respectful of each organization's already existing process for standards development as possible.

Key points to keep in mind when considering this proposal, or any other input or plan that may be presented from time-to-time during the discussions with NERC.

1. Neither "Reliability" nor "Market Design" should be considered dominant. A sacrifice in either area will lead to unacceptable outcomes to consumers, regulators, and market participants alike. (e.g. California market meltdown occurred as a result of flawed market rules. The result seriously impacted reliability)

2. Both NERC and NAESB succeed through the efforts of precisely the same groups of stakeholders. The same people and market participant entities support both standard development processes.

3. No "triage" process, no matter how balanced it might be, can ever succeed in separating or even identifying the reliability component versus the business practice component of any proposed standard. The best that can occur is a general determination of where the proposed standard might be found along the reliability/business practice continuum. This leads one to believe that every standard must receive the scrutiny from both NERC and NAESB's standards development process to insure that there is an appropriate balancing of interests.

4. NERC and NAESB both boast completely open processes in which all parties are welcome to participate.

With these three points in mind, I would propose the following as a possible coordination procedure NERC and NAESB's participants could embrace:

STEP 1: A small triage committee of NERC and NAESB representatives will determine on which side of the continuum center line a proposed wholesale electric standard falls. The triage committee could include an equal number from each organization and one FERC staffer who would act to break any "tie" votes.

STEP 2: Once triage has been performed, the entity with responsibility for standards receiving the highest determination from the triage panel would accept the proposed standard for work within its process. One can assume that the entity not initially granted standard development rights will participate in the open process of the other during the development.

STEP 3: When the first entity has completed its process up to the point of making a filing of the standard with any regulatory body, the completed "draft" standard will be remanded to the second entity for a thorough review and modification if appropriate. Any changes made would then be vetted with the first entity and a "conference committee" would resolve any final issues. This second entity review stage should have a defined time limit so that a standard may not be held up indefinitely.

STEP 4: Only when both entities have become satisfied with a standard would it then be forwarded by the first entity to the appropriate regulatory bodies for any further action.

I believe this four step process, with appropriate additional details to flesh out the process and allow it to be implemented, deals effectively with comments and concerns we have heard regarding this issue during our many discussions on this subject.

I appreciate the opportunity to provide these comments and hope that the team finds them helpful. I will of course be available to respond to any questions or comments associated with this proposal.

David H. McMillan
Director Market Design
Calpine Corp.
(phone) 713-830-8710
(email) dmcmillan@calpine.com