

Folks,

I will not be able to call in for the meeting. I will be at Walt Disney World with my grandchildren. I would like to delay consideration of L. Goins motion until more investigation has been completed. The belief is that payback-in-kind does not have significant financial effects. This belief can be demonstrated to be wrong.

I would like to move to table the motion that sets limits on financial settlement of Inadvertent Interchange. We have not yet investigated the Frequency Control Component of Inadvertent Interchange in depth and I have a simulation that I am completing that demonstrates that Payback-In-Kind does not make a Balancing Authority whole from either a financial or reliability point of view. It would be imprudent to pass this motion before completing these investigations.

This motion has a hidden assumption that the energy component of Inadvertent Interchange is the only significant financial impact on a Balancing Authority. The passing of this motion would be equivalent to saying that it is OK to borrow from your neighbor without paying that neighbor back as long as you only borrow small amounts.

In addition, the value of L10 although in the current NERC Standards may not be included in the new standards. This would leave the settlement limit without technical support.

Howard F. Illian
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