

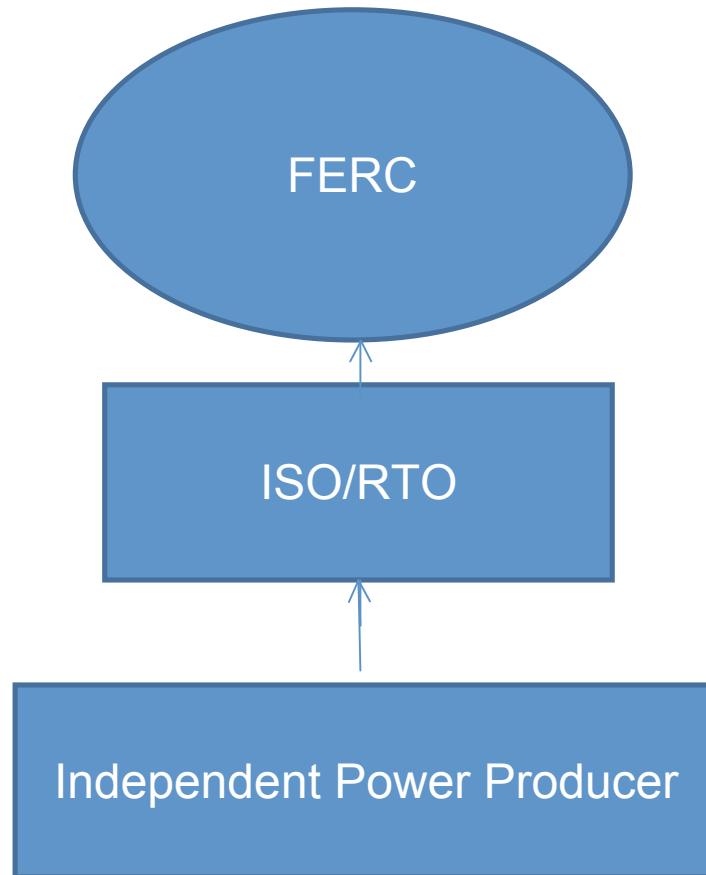
Presentation for
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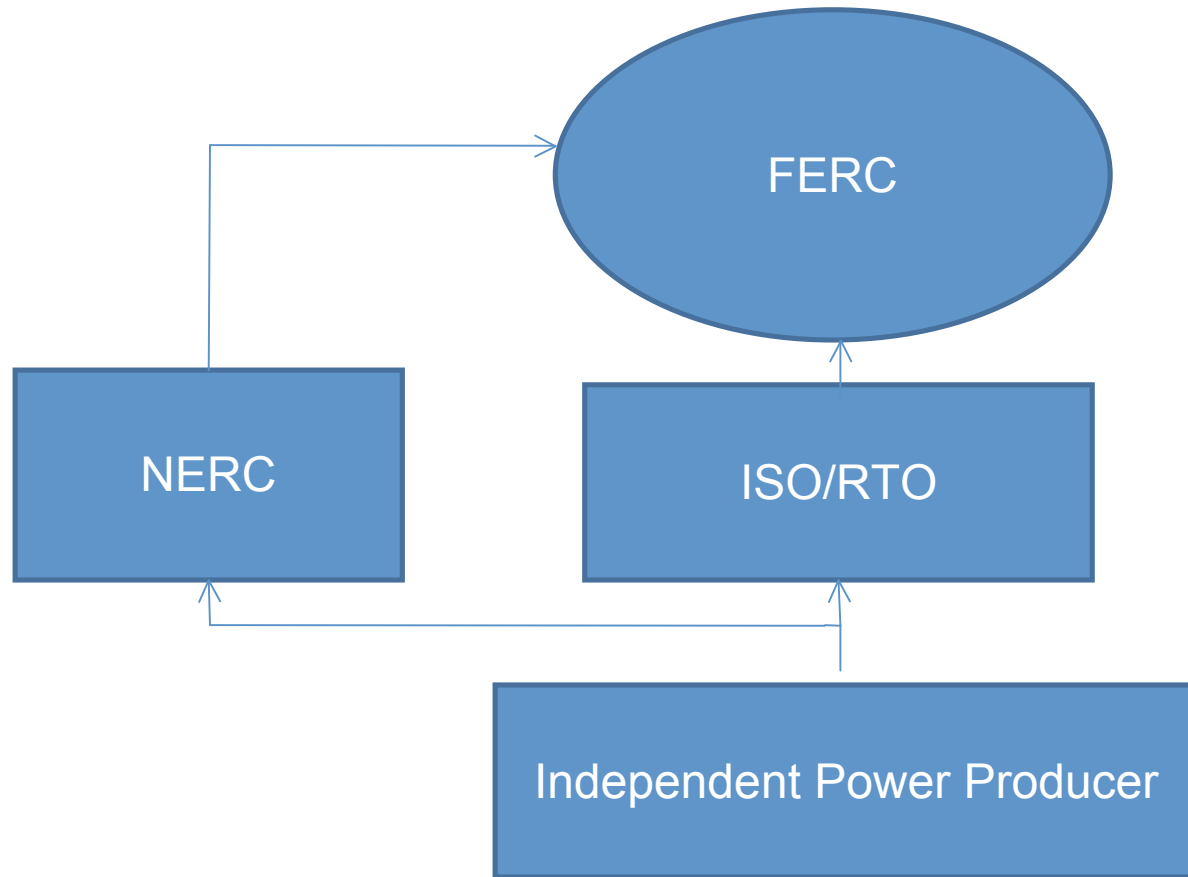
AGENDA

- The IPPs regulatory framework-who are the players?
- Where are the deficiencies in the pre-EPAAct regulatory framework?
- Some examples under Orders 693 and 890. Are we now better off?

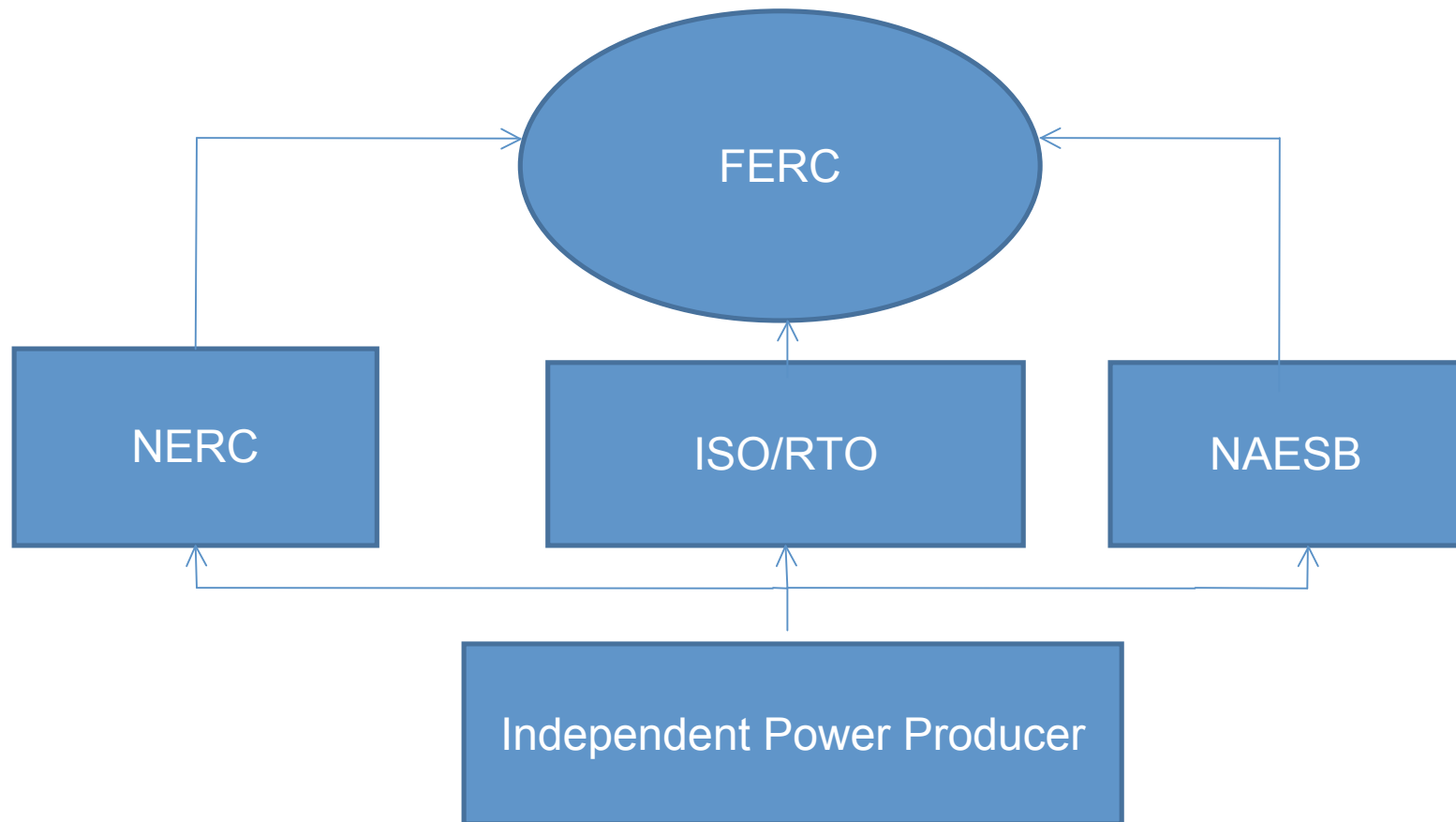
IPP Regulatory Framework



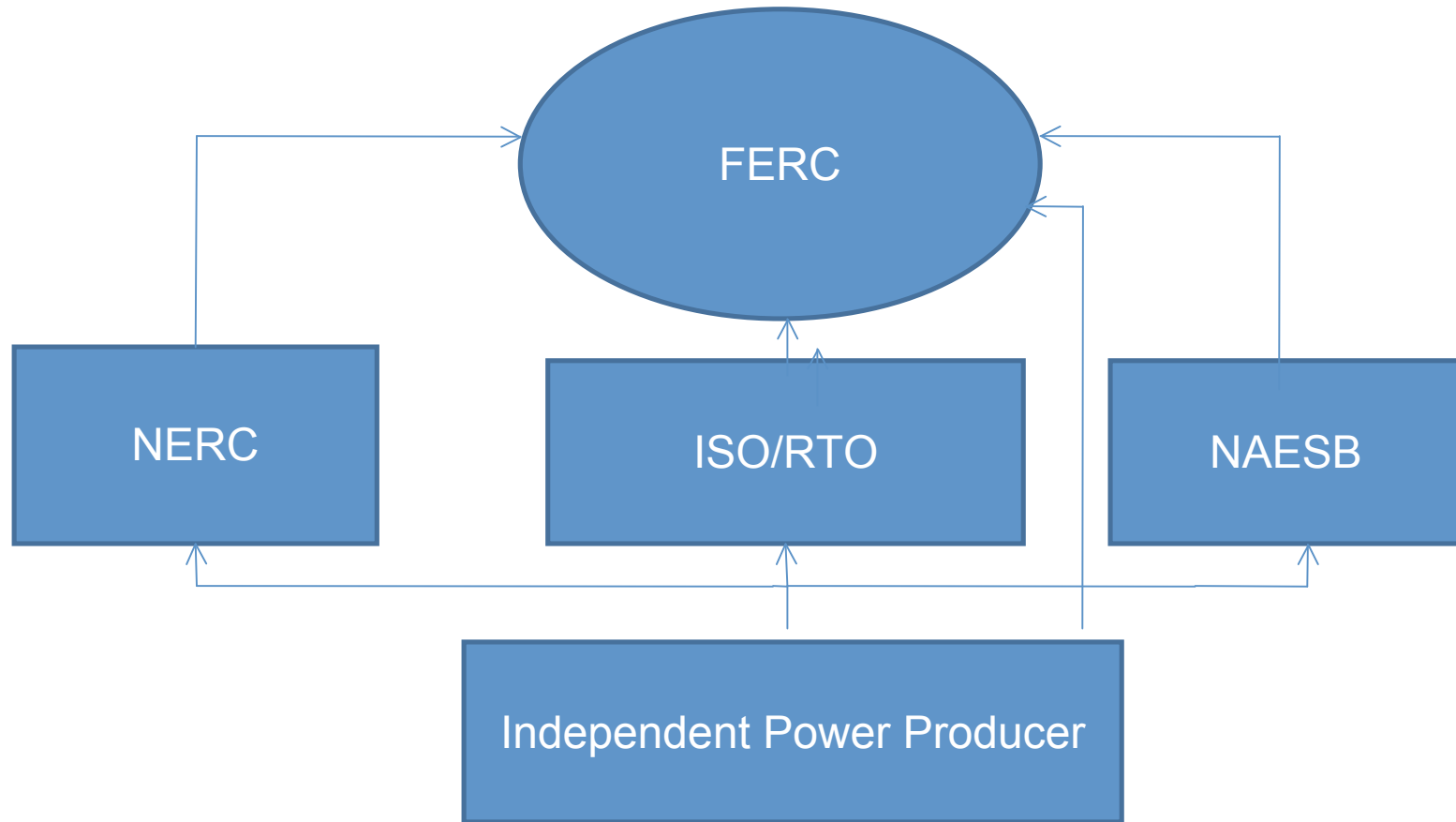
IPP Regulatory Framework



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IPP Regulatory Framework



What did the industry need from FERC and NERC

- A foundation for competition
 - Order 888 had accomplished much
 - ISOs/RTOs had filled a gap with respect to transmission access
 - Some opportunities for discrimination remained
 - Establishment of new ISOs had stalled.
 - How could the success achieved in some of the regional markets be built upon?
- A reliability framework
 - A new framework was being designed
 - FERC and NERC were both to be involved
 - FERC had the legislated authority
 - NERC had the technical expertise, in-house and through access to the industry
 - How could FERC leverage the existing strengths in NERC to improve overall reliability?

What Have FERC and NERC Delivered

- A reliability example
 - Violation Risk Factors
 - Used for assessing penalties
 - Generated through NERC's Standard Development Procedure
 - Some adjusted by FERC
 - Adopted by NERC without industry consultation

What Have FERC and NERC Delivered

- A competitive example
 - Calculation of ATC
 - Appropriate transparency and standardization of this calculation has been problematic for many years
 - FERC has delegated this task to NERC and NAESB
 - FERC has given them a relatively short timeline within which to create standards

Conclusion

- Very early days
- Post-EPAAct appears to be an improvement over pre-EPAAct
 - Mandatory compliance should improve reliability
 - FERC seems to be taking seriously its need to deal with remaining opportunities for discrimination
- Regulatory framework is complex
- Coordination amongst regulators will be critical