



MICHEHL R. GENT
President and CEO

NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

Princeton Forrestal Village, 116-390 Village Boulevard, Princeton, New Jersey 08540-5731

August 27, 2003

The Honorable Pete V. Domenici, Chairman
Committee on Energy and Natural
Resources
SD - 364
United States Senate
Washington, D.C. 20510

The Honorable W.J. "Billy" Tauzin,
Chairman
Committee on Energy and Commerce
Room 2125 RHOB
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Domenici and Chairman Tauzin:

Electric Reliability Legislation

The August 14 power outage underscores the critical need to enact reliability legislation in this session of Congress. As the Senate and House prepare for a conference on the comprehensive energy bill, we are writing to reaffirm our continuing support for electricity reliability provisions in the bills pending before you. Joining NERC in support of reliability legislation are the following:

- American Electric Power
- American Public Power Association
- Canadian Electricity Association
- Edison Electric Institute
- Electric Reliability Council of Texas
- Florida Reliability Coordinating Council
- Institute for Electrical and Electronics Engineers – USA
- Mid-America Interconnected Network, Inc.
- Mid-Continent Area Power Pool
- National Association of Regulatory Utility Commissioners
- National Association of State Energy Officials
- National Association of State Utility Consumer Advocates
- National Electrical Manufacturers Association
- National Rural Electric Cooperative Association
- Pepco Holdings, Inc.
- Southeastern Electric Reliability Council
- Southern Company
- Southwest Power Pool
- TXU
- Western Electricity Coordinating Council
- Western Governors Association

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The reliability language in section 16031 of H.R. 6 as it passed the House and in section 1111 of the amendment in the nature of a substitute for the electricity title of S. 14 that Chairman Domenici released on July 24, 2003, is very similar. We prefer the language in section 1111, because it contains an express statement that the electric reliability organization authorized by the legislation would not be a department, agency, or instrumentality of the U.S. government. These provisions meet the fundamental need for establishment of a system of mandatory and enforceable reliability rules applicable to all users, owners, and operators of the North American bulk power grid. The provisions build on the existing voluntary reliability system by authorizing an independent, industry-led organization to set and enforce such mandatory reliability rules, subject to Federal Energy Regulatory Commission oversight in the United States.

Section 16031 of the House bill and section 1111 of the Domenici electricity substitute contain a number of technical improvements over the language in section 206 of H.R. 6 as it passed the Senate. Thus, we would urge you not to use the language in section 206 of H.R. 6.

We commend you for your commitment to a prompt and successful conference on energy legislation, and look forward to working with you to achieve enactment of the reliability language as soon as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Gund", with a long horizontal flourish extending to the right.

cc: Honorable. John D. Dingell
Honorable Jeff Bingaman
Honorable Joe Barton
Honorable Rick Boucher