

FirstEnergy agrees that the RTOs/ISOs do not presently have explicit representation to NAESB and that they should. However, we are voting NO here because we believe that the proposed segment designation for RTOs/ISOs grants too much power to these entities so as to disturb the balanced NAESB approach. Whereas NAESB had organized the first five segments *functionally* with sub-segments representative of entity classes, the sixth segment proposed for RTOs/ISOs provides an exclusive segment for those entities. No other entity class holds an exclusive segment. For example, neither IOU's, Muni/Coop's nor Governmental bodies have exclusive segment designation, but instead are represented among other classes in the relevant functional segments within sub-segments.

Again, FirstEnergy agrees that the RTOs/ISOs should have explicit representation to NAESB, but such representation ought to be structured differently than proposed here. If the current proposal does not pass, we encourage NAESB to consider alternatives. For example, creation of RTO/ISO sub-segments would be a more balanced way to ensure explicit RTO/ISO representation. Specifically, RTOs/ISOs could have sub-segment representation in three segments whereby RTOs/ISOs conduct their business: 1) in the Transmission Segment, where RTOs/ISOs "operate or control bulk electric transmission facilities," 2) in the Generation Segment, where RTOs/ISOs are "engaged in the activity of ... operating wholesale electric generation facilities," and 3) in the Marketers/Brokers segment where, while RTOs/ISOs aren't market participants, they are "engaged in the activity of buying and selling wholesale and electric power."

If the current proposal passes, we encourage NAESB to limit the voting power of the relatively small 6th segment. The proposed amendment to the WEQ Procedures requiring that vote-blocking be reported to the WEQ board members appears too weak. To strengthen it NAESB may want to align with NERC's approach to limiting the voting power of small sectors. Again, FirstEnergy is concerned that an exclusive segment designation for RTOs/ISOs gives those entities disproportionate voting representation. For example, there are dozens of IOU members of NAESB that via sub-segments are represented in about eight seats of the Board and Executive Committee. And while there appear to be only nine RTO/ISO members of NAESB, under the current proposal these entities will be represented via its exclusive segment in seven seats of the Board and Executive Committee. We urge NAESB to consider additional measures to address this issue.

Edward C. Stein
First Energy Solutions
Marketers/Brokers Segment