

Edison Electric Institute
Board of Directors
Resolution
As Adopted
January 9, 2004

Achieving the Reliability Objectives of Pending National Energy Legislation

Whereas, the electric utility industry supports comprehensive energy legislation, which contains provisions for an international independent reliability organization, and regional reliability entities, to develop and enforce mandatory reliability standards, subject to oversight by the Federal Energy Regulatory Commission within the United States.

Whereas, the Congress has not yet passed a comprehensive energy bill, and the U.S. electric system has experienced its worst blackout in history.

Whereas, the Federal Energy Regulatory Commission is considering whether it can and should assume the primary role to establish and enforce reliability standards, even though it lacks adequate authority.

Whereas, the industry believes it is crucial that steps be taken promptly to achieve the objectives set forth in the proposed legislation.

Now therefore, the EEI Board of Directors:

- (A) Supports prompt action by the North American Electric Reliability Council (NERC) to implement the following strategic initiatives to strengthen reliability:
 - a. Readiness audits of control areas and reliability coordinators;
 - b. Enhanced compliance performance reviews;
 - c. Vegetation management surveys; and
 - d. Recommendations tracking.
- (B) Supports prompt action by NERC to formalize new reliability standards that implement the functional model and continue to take into account regional differences, where appropriate.
- (C) Expects the regional reliability councils to cooperate with NERC in achieving these objectives.
- (D) Encourages FERC to achieve the objectives of the structure set forth in the proposed legislation by supporting and providing oversight to the NERC initiatives.
- (E) Urges Congress to pass comprehensive energy legislation promptly to assure reliability rules apply to all market participants, and to facilitate the siting of and incentives for investment in critical infrastructure facilities.