

Western Market Vision

- One Seamless West-Wide Market
 - Common Business Practices
 - No Trade Barriers
 - Minimum Transaction Costs
- Three RTOs - a Necessary First Step
 - Retain Regional Accountability for Capital Expenditures, Reliability and Planning
 - Retain Regional Operating Knowledge
 - Share Services
 - Capture Symbiotic Benefits (e.g., act as back-up control center for each other)
- Potential for fewer RTOs in the Future

Western Market Vision

Shared Services

- Back-Up Control Centers
 - Employee Training
- Pooled Human Resources
 - Purchasing
 - Settlements
- Enterprise Software
 - IT Systems

One Stop Shopping

- OASIS
 - Ancillary Services
 - Scheduling
 - Market Monitoring
- Inter-Regional Planning
- Interregional Dispute Resolution

Regional Accountability

- Selection of Boards of Directors
- Provider of Transmission Services
 - Control Area Operation
 - Security Coordinator
 - Maintenance
- Intra-regional Dispute Resolution
 - Outage Coordination
 - Capital Expenditures
 - Regional Planning
 - FERC Compliance

Standards and Practices

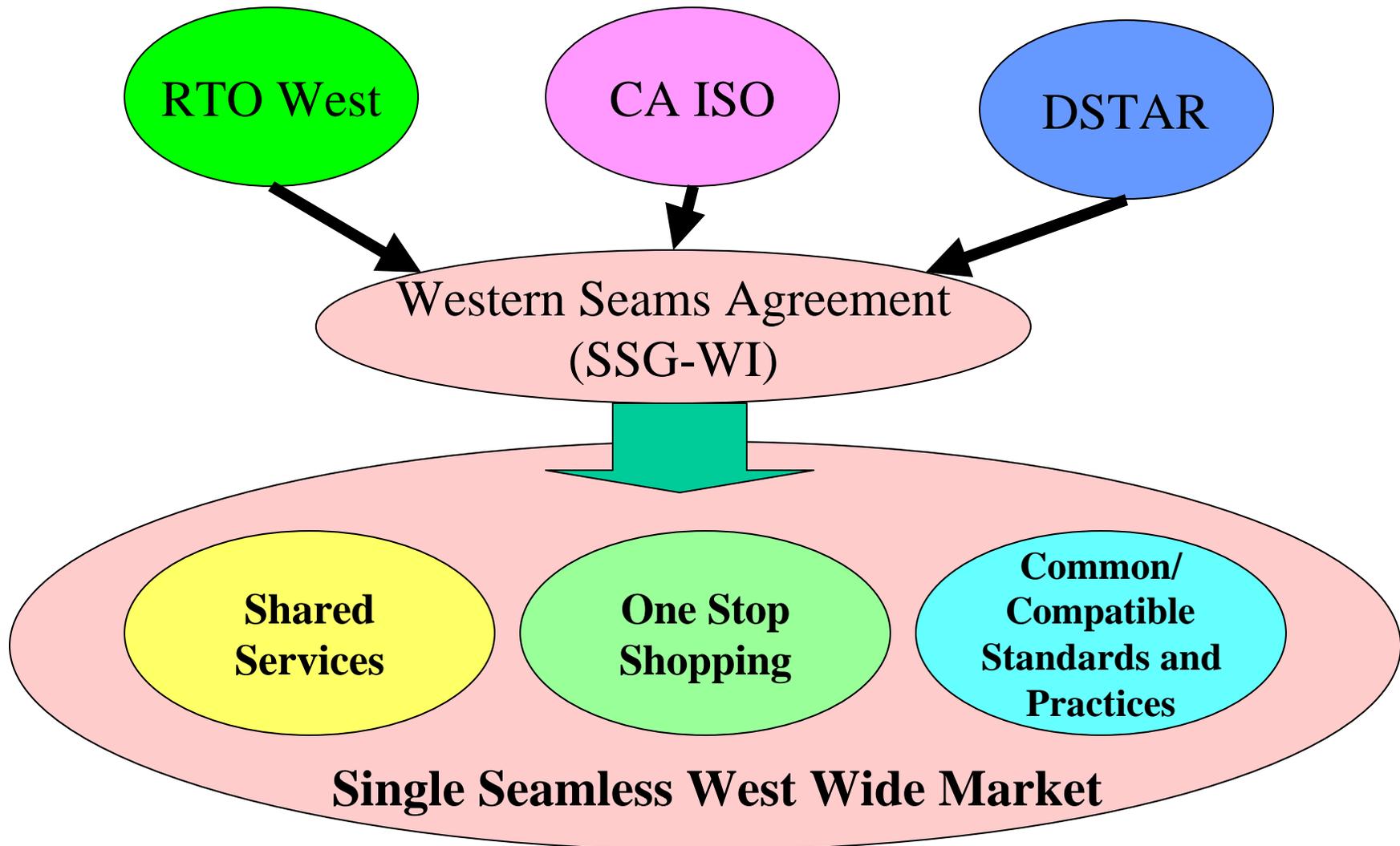
Common

- Transmission Products
- Interconnection Standards
 - Reliability Standards
 - ADR
- Protocols & Data Standards
 - Scheduling Practices
 - Pricing
 - Liability Protection

Compatible

- Congestion Management
- Information Systems
 - Tariff Design

The Western Market



Why One Market Instead of Three?

- Efficient Markets Reduce Prices
- One Stop Shopping (Common OASIS)
- Compatible Products
- Standard Business Practices
- More Efficient Use of Transmission System through Consistent Practices
- Meet FERC's Single Market Expectations
- Meet the Needs of Commerce Across the West

Why Three RTOs Instead of One?

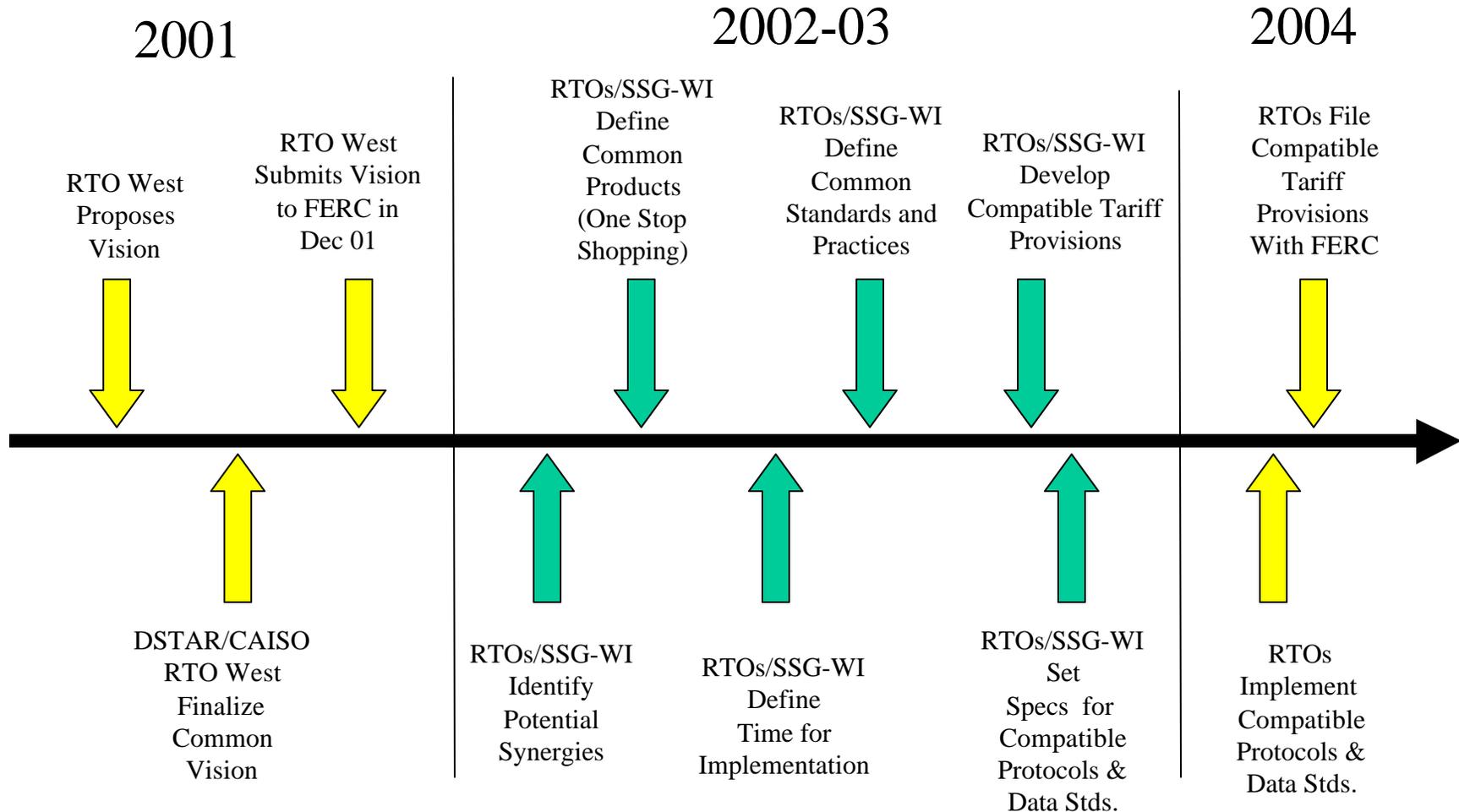
- The complexity and size of the Western Interconnection favors three RTOs to assure reliable, manageable operations and security coordination
 - Diverse load structures
 - Dispersed load centers
 - Differing seasonal load characteristics
 - Regionally* diverse generation types (hydro/thermal based)

* Region - Refers to the major sub areas of the Western Interconnection such as the RTO West area, the DSTAR area and the California ISO area.

Why Three RTOs Instead of One?

- **Individual Accountability IS Critical to each RTO**
 - Capital expenditures, reliability and planning are primarily regional concerns
 - Must consider issues specific to each region, i.e. air quality, Endangered Species & fish concerns, compliance matters, etc.
- **Three RTOs are Achievable in the Near Term**
 - Builds on strong political preference for three RTOs
 - Reduces operational, financial and political risk
 - Integrating the western market in steps is the fastest way for consumers to realize the benefits of wholesale deregulation

Timeline to Seamless West-Wide Market



Next Steps

- DSTAR, CA ISO and RTO West finalize Western Market Vision
- Obtain support from Congressional Delegation, PUCs, Publics, and other Stakeholders
- Document the shared vision in a seams coordination agreement among the three RTOs
- RTO West includes documentation with December FERC filing
- Revisit roles and responsibilities of the reliability and market coordinating organizations throughout the West in view of formation of a west-wide market