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all too evident. In Canada, the provinces that are experiencing problems with costs and supply are Alberta and Ontario, the two provinces that are trying to follow the US approach," she added.

FERC'S RTO MODEL

Another aspect in Mann's vision includes a fully integrated North American market using FERC's RTO Model. The U.S. Federal Energy Regulatory Commission (FERC) has facilitated RTOs (Regional Transmission Organizations) across the United States to create easier access to transmission systems thus promoting competition in wholesale markets. FERC's Order 888 is important for Canadian exporters because they can obtain a FERC license to buy American utilities. This also allows US electricity marketers access to Canadian transmission facilities. In this regard, CEA recommends avenues be explored to increase Canadian participation in RTOs and increased harmonization of market rules.

According to a report released in January by the Canadian National Energy Board, proposals are in place for some Canadian parties to join the U.S.-made RTOs. Alberta and B.C are trying to join with RTO West while Quebec and the Atlantic Provinces might join with a northeastern RTO or ECTO (East Coast Transmission Organization).

"CEA applauds efforts by FERC and Congress to increase efficiency in wholesale electricity markets," Mr. Mann declared.

He said Canadian electric entities should be subject to the same domestic market rules that the U.S. says is important for its economy.

"It is unfortunate that Canadian exporting utilities feel they have no choice other than to accept the move to RTOs in order to export into the U.S. According to a NAFTA commission that examined this issue, Canada could certainly file a complaint under NAFTA about FERC's demand for reciprocity, rather than abiding by NAFTA's national treatment obligations," Ms. Cohen said.

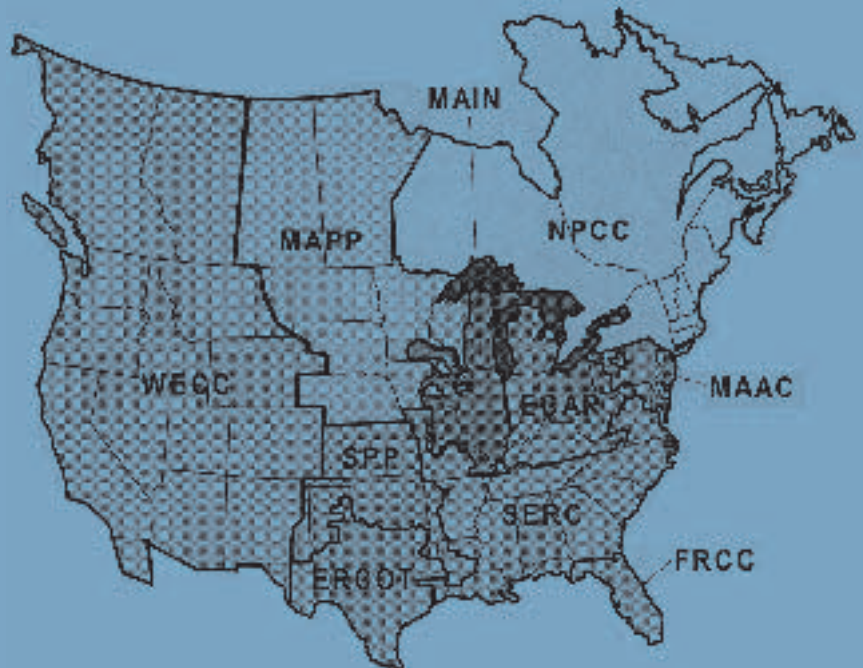
REGULATING THE MARKET

The main question before the electricity industry in Canada is whether it should remain independent and controlled by Canadian governments or sub-

THE NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

The mission of the North American Electric Reliability Council (NERC) is to ensure that the bulk electric system in North America is reliable, adequate and secure. Since its formation in 1968, NERC has operated successfully as a voluntary organization, relying on reciprocity, peer pressure and the mutual self-interest of all those involved. Through this voluntary approach, NERC has helped to make the North American bulk electric system the most reliable in the world.

NERC is a not-for-profit corporation whose members are ten Regional Reliability Councils. The members of these councils come from all segments of the electric industry: investor-owned utilities; federal power agencies; rural electric cooperatives; state, municipal and provincial utilities; independent power producers; power marketers; and end-use customers. These entities account for virtually all the electricity supplied and used in the United States, Canada and a portion of Baja California Norte, Mexico.

**Regional Reliability Councils**

- ECAR:** East Central Area Reliability Coordination Agreement
- ERCOT:** Electric Reliability Council of Texas, Inc.
- FRCC:** Florida Reliability Coordinating Council
- MAAC:** Mid-Atlantic Area Council
- MAIN:** Mid-America Interconnected Network, Inc.
- MAPP:** Mid-Continent Area Power Pool
- NPCC:** Northeast Power Coordinating Council
- SERC:** Southeastern Electric Reliability Council
- SPP:** Southwest Power Pool, Inc.

sumed within the U.S. system.

"Integrating the U.S. and Canadian electricity markets, as proposed by David Mann, will result in prices that are established by the U.S. market and regulations that further the energy objectives of the U.S. and private companies," she added.

Even within the U.S. there is considerable hostility towards proposals for an integrated North American electricity market.

"FERC's attempt at Standard Market

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