

### **Panel 1: Formation of Regional Entities**

Ten voluntary regional reliability councils created NERC, and today ten councils comprise the sole membership of NERC. Under the proposed U.S. legislation, the ERO is formed first and would develop and enforce all reliability standards unless it enters into an agreement to delegate these responsibilities to a Regional Entity. The transition from today's Regional Councils to the legislation's Regional Entities could be affected by ERO policies, FERC rules, policies in Canada, and changes in the electric industry such as the growth of Regional Transmission Organizations (RTOs). This panel explores policies for forming Regional Entities.

- **Regional Entity Criteria:** The proposed legislation requires a Regional Entity to meet most of the same criteria as the ERO.
  - Should a Regional Entity have to satisfy the criteria in the same way as the ERO?
  - Besides the legislative criteria, should there be any other criteria for becoming a Regional Entity?
  
- **Number and Size of Regional Entities:**
  - Should some or all of the existing Regional Councils become Regional Entities?
  - How should Regional Entity boundaries relate to RTO boundaries?
  - Could an RTO be a Regional Entity?
  - Should any major North American loop flow be internalized within one Regional Entity?
  
- **Initiative:**
  - Should Regional Entities form on their own initiative and seek approval from the ERO, or should the ERO and government authorities take the initiative in forming the Regional Entities?