

ELCON *PRESS* RELEASE

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Statement of John Anderson, President of the Electricity Consumers Resource Council (ELCON) in response to FERC Issuing a Final Rule on Competition in the Organized Wholesale Electricity Markets, October 16, 2008

It's a cliché, but the proof of the pudding is in the eating.

FERC says its final rule will protect consumers. It talks about increased demand response, encouraging long-term contracting, and strengthening market monitoring. There is a separate section entitled "Responsiveness to Customers and Stakeholders." These topics all deserve consideration. But they fail to resolve continuing and growing disenchantment with the results of these so-called markets.

To date, FERC's view of what constitutes a successful competitive market differs considerably from the views of consumers who end up bearing the brunt of higher costs. FERC may find that these markets are "competitive" but they are not valid examples of real competition. We believe that the FERC-approved ISOs and RTOs are deeply flawed regulatory constructs, and have been and remain works in progress. After a decade of trial and error, there is no real competition and we are not convinced that this rule will do little more than take more money from consumers for the benefit of a handful of utility holding companies.

We have pointed out the flaws in these markets and are hopeful that this rule may stimulate the kind of changes we have been calling for over several years.

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ELCON, established in 1976, is the national association of large industrial users of electricity from virtually every manufacturing sector. ELCON members seek a reliable supply of electricity at competitive prices and have long supported federal and state efforts to achieve that objective. More information about ELCON is available at ELCON's website, www.elcon.org.