



## Electricity Issues Of Importance For Industrial Electricity Consumers In 2004

The year 2004 appears to be a very important time for industrial electricity consumers. Very significant legislative and regulatory issues will be debated. Any industrial consumer who is not a member of ELCON will have a very difficult time shaping the issues and defending themselves from potential harm. These issues include:

### Expected Federal Legislative Issues:

- Mandatory "Participant Funding" for Transmission: A strong push for a transmission pricing mechanism that would result in less transmission being built and the reduced ability of lower cost, non-utility generation to gain access to the grid.
- "Incentives" for New Transmission: Proposals for sizeable increases in guaranteed rates of return for all transmission whether truly needed or not.
- Repeal of the Public Utility Regulatory Policies Act of 1978 (PURPA): Many utilities have pushed for the repeal of PURPA for many years. This advocacy will continue at an even higher level.
- "Native Load" Protection: Many utilities are pushing for the right to protect "their" customers at the expense of others. However, even the "local" customers are not advocating the "protection."
- Prohibiting Utility Bypass: Utilities are seeking statutory language prohibiting any customer bypass.
- Repeal of the Public Utility Holding Company Act of 1935 (PUHCA): PUHCA is a consumer protection act. However, many utilities are strongly advocating the repeal of PUHCA without adequate alternative consumer protections.
- Prohibiting FERC from Issuing a Standard Market Design: FERC is trying to create large, seamless, nondiscriminatory electricity markets. Industrial electricity consumers strongly support such creation. However, many utilities are seeking a legislative ban on such FERC action.

### Expected Federal Regulatory Issues:

- Enhanced grid reliability
- Transmission pricing (including "participant funding")
- Creation of large, seamless, nondiscriminatory electricity markets (i.e., RTOs)
- The promotion of efficient market monitoring and market power mitigation
- The promotion of Supply Margin Assessment (SMA) market power screen
- Viability of bid-based (i.e., LMP) markets – and alternatives to LMP
- The elimination of "seams" between ISOs and RTOs
- The assurance of adequate generation capacity – without overpaying
- "Behind the meter" infringement issues
- The promotion of demand response
- The promotion of regulatory oversight of NERC and NAESB standards