

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Capacity Markets in Regions with
Organized Electric Markets

ISO New England, Inc.

Docket No. AD08-4-000

Docket No. ER08-633-000

Post-Conference Comments of the
Electricity Consumers Resource Council
(ELCON)

The Electricity Consumers Resource Council (ELCON) is the national association of large industrial consumers of electricity. Our member companies operate facilities in nearly every state – at locations within the so-called organized markets and locations not in organized markets. ELCON and ELCON member companies have not just followed the debate on organized markets, we have participated. We have filed comments at FERC on both the Advanced Notice of Proposed Rulemaking and on the recent Notice of Proposed Rulemaking, we have worked with PJM in helping to organize two sessions on long-term contracts, and ELCON members are active in the multitude of state and regional organizations and associations representing end users in specific markets.

In addition, ELCON has worked with other consumer groups in formal and informal coalitions on a number of electricity issues. In recent years the focus of these groups has been on the organized markets, and it is important to note that the glue holding together consumers in the organized markets is the near unanimous consumer dissatisfaction with the operation of those markets today.

There are several points that we think deserve attention after the May 7 Technical Conference on alternative pricing mechanisms for the organized markets.

Problems Exist

FERC is to be commended for holding the Technical Conference and thereby recognizing that problems exist in operation of the organized wholesale electricity markets. But ELCON members emphasize that the problems go beyond the pricing mechanism and in fact beyond the four issues under consideration in the Notice of Proposed Rulemaking. We continue to urge FERC to undertake a holistic inquiry into the structure and operation of these markets.

Consumer Dissatisfaction

It is obvious, from comments submitted in response to the ANOPR and NOPR and the comments at this Technical Conference, that there is a significant consumer backlash to the operations and activities of the organized markets. Although consumers of all sizes may not be united in their suggested solutions - and the proposals put forth by the American Forest & Paper Association and the Portland Cement Association, while both meritorious, just begin to represent the possible remedies - they are united in their dissatisfaction with the status quo. Those expressions of dissatisfaction have brought little action from the managers of the markets, who, quite frankly, seem much more disposed to respond positively to comments from wholesale sellers than from wholesale buyers. That is why consumers have been communicating, and will continue to communicate, their dissatisfactions to FERC in the hope that FERC will fulfill its role as a consumer protection agency.

Next Steps

ELCON submitted its comments, including both concerns and solutions, in response to the ANOPR and the NOPR, and by reference we ask that they be included in this docket. We encourage FERC to continue its efforts to restructure the organized markets in a manner that will bring real benefits to consumers. We recognize that there is no silver bullet and that change will take time, but we also believe that the continued operation of the organized markets is not sustainable unless substantial changes are made.

Respectfully submitted,
The Electricity Consumers Resource Council
Dated: May 19, 2008