

ELCON PRESS RELEASE

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CONTACT: Marc Yacker/202-682-1390

ELCON SEES LITTLE “TRUE” COMPETITION – ASSERTS SIMPLE FIXES WILL NOT SOLVE PROBLEM

According to John Anderson, president of the Electricity Consumers Resource Council (ELCON), today’s “FERC-approved ISO and RTO markets are too costly, not truly competitive, and fail to deliver net consumer benefits.”

Anderson was speaking today on a panel at FERC’s Public Conference on Competition in Wholesale Power Markets. The panelists were asked to present their views on what they expected from restructuring in electricity and what they see in today’s markets. Anderson noted that “ELCON was perhaps the earliest national stakeholder group to advocate competition” in electricity markets, but he expressed disappointment in the situation today.

ELCON members expected “to see the innovations, the improved customer service, or the so-called ‘killer’ products that everyone wants and that would already have been delivered in truly competitive markets,” stated Anderson. They haven’t materialized, he asserted, because “real competition has not been realized.” Specifically, he criticized the status quo which he described as “a costly ISO/RTO federal regulatory regime that has no end-user focus and rates based on the highest accepted bid.”

Anderson observed that the large industrial consumers who comprise ELCON have been especially disappointed with the customer service in the organized markets. He quoted a survey showing that “for the past nine years, the customer service scores in regulated states are considerably higher than those in restructured states for every factor measured.” He also called FERC’s attention to the consumer backlash against higher prices in several restructured states in the organized markets, and, he said, “this rebellion is growing at a rapid pace”

In his recommendations, Anderson called on FERC to “acknowledge that the Day Two construct is not working for the benefit of end-use consumers as required by the Federal Power Act” and he asked FERC to “initiate an inquiry into whether today’s RTO platform, with LMP, can be made a viable market model.” Moreover, he called attention to the “magnitude of the problem” and concluded that that “simple technical fixes or additional regulatory intervention will not correct the inherent problems.”

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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. A copy of Anderson’s presentation and more information about ELCON is available at ELCON’s website, www.elcon.org.