

ELCON *PRESS RELEASE*

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Statement of John Anderson, President of the Electricity Consumers Resource Council (ELCON), in Response to the Release of APPA's White Paper, "Consumers in Peril,"
February 27, 2008

I want to congratulate the American Public Power Association for the publication of their white paper entitled "Consumers in Peril" which is the latest example of the increasing and widespread discontent with today's RTO-run electricity markets.

As APPA so accurately points out, the RTO concept was designed to ensure that the electricity grid is run in an open and nondiscriminatory manner so that consumers in wholesale power markets have access to a broad array of suppliers. Instead, the RTO concept has "morphed" into a master market operator which is burdening consumers in two ways – first with pricing systems that ignore the benefits of fuel diversity by using a single-price auction, resulting in record-breaking price increases, and second by imposing each RTO's significant operating expenses as additional costs to consumers.

Those who listen to the dissatisfaction expressed by a wide array of consumer interests – as evidenced by the joint filing at FERC submitted last December by APPA, ELCON, and 39 other groups – but say that they hear nothing new are ignoring a consumer backlash of unprecedented proportions. I am encouraged that Senate Energy Committee Chairman Bingaman has stated that he will hold oversight hearings on transmission issues, including the organized markets, and I am heartened that Senators Sanders and Snowe have co-sponsored legislation that would direct FERC to look at the benefits – or lack of benefits – that RTOs are providing to consumers.

America's manufacturers need a reliable supply of electricity at prices that enable them to produce a variety of goods that are then sold in markets around the world. In some industries, electricity costs constitute over 50 percent of the finished product. From the perspective of ELCON members, the current upward trend in electricity prices is not sustainable. We have already seen industrial facilities close their doors and state that the shut-down was attributable to high electricity prices. Somehow or other we must convince our federal regulators that this is a real world problem and we need real world solutions.

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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.