

ELCON PRESS RELEASE

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ELCON FILES COMMENTS AT FERC – DEMAND RESPONSE OFFERS GREAT POTENTIAL

The Electricity Consumers Resource Council (ELCON) filed comments today at the Federal Energy Regulatory Commission (FERC) on the status of competition in the “organized markets,” and ELCON President John Anderson observed that “we commend FERC for recognizing by issuing this proposed rule that there are significant problems in the marketplace. We are pleased that Chairman Kelliher has stated this rule is a first step, not the final step. But we continue to disagree with those who assert that wholesale markets are working well or that wholesale competition has been a success.”

Much of ELCON’s filing focused on the potential benefits from Demand Response (DR). In particular, ELCON urged FERC to adopt a pro forma tariff for Demand Response to ensure consistency in each of the organized markets. If FERC’s proposal allowing each RTO and ISO to adopt individual rules on Demand Response were to go forward, ELCON predicted that “piecemeal implementation by six RTO/ISO stakeholder processes may not produce the intended results absent strong leadership and more focused direction from the Commission.” ELCON comments stated that FERC had frequently imposed a single national standard on a host of tariff issues starting with Order 888 guaranteeing non-discrimination for the transmission grid. ELCON’s also noted the success of LaaR (Load acting as a Resource) in ERCOT and suggested that the Commission might use LaaR as a model for a “best practice” to be adopted elsewhere.

ELCON touted the potential for industrial customers to participate in Demand Response programs, noting that the “DR capabilities of many industrial loads can often provide grid operators with greater value compared to the typical generator.”

Also regarding Demand Response, Anderson commented that “Compensation is very important. The proposed rule talks about Demand Response being treated in a ‘comparable’ source neutral manner to generator bids. We support comparable compensation, but believe the rule should provide additional clarification.”

Anderson added that “The proposed Demand Response rule recognizes that any competitive market must have two sides – supply and demand. Too often regulators and policy makers seem to ignore this fact and the positive results that can ensue by tackling demand side issues. This rule’s inclusion of the demand side is one step toward balancing that equation.”

ELCON’s comments also included recommendations on long-term power contracting (“much more is needed”), market monitoring units (calling for a hybrid internal/external MMU which “may have at least one feature for ensuring independence that neither an external nor internal structure provides”) and market governance (a hybrid board is “the best long-term solution for ensuring ISO/RTO accountability to stakeholders”).

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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.