

ELCON PRESS RELEASE

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ELCON OBJECTS TO PJM PLAN FOR MARKET MONITORING UNIT

“We want to be sure that the fox is not charged with guarding the hen house,” said John Anderson, president of the Electricity Consumers Resource Council (ELCON). “PJM’s new plan for a market monitoring unit does not give that unit sufficient independence. The MMU is not guaranteed the resources or the autonomy it needs to do the job right.”

Anderson’s observations were in conjunction with comments filed by ELCON at FERC on PJM’s settlement offer to modify the structure of its Market Monitoring Unit (MMU). These changes were necessary after MMU head Joe Bowring charged that PJM executives had substantially hindered his ability to do his job properly.

ELCON, which favors a two-tiered approach to market monitoring similar to that in effect in California, criticized PJM’s proposal. The comments note that while PJM asserts its two-tiered proposal is similar to that utilized by the California ISO, “PJM’s proposal actually is significantly different. There are no CAISO employees on its advisory panel. All three individuals on the CAISO advisory panel are part-time, independent market experts.” Under the PJM proposal one member of the newly created Market Monitoring Advisory Panel would be a PJM employee.

“This gives PJM far too much oversight,” said ELCON.

The comments stated that “the MMU should report directly to the Board and be assured of retaining current personnel and budgeting.”

ELCON criticized PJM’s proposal for the MMU to interface on a day-to-day basis with a Market Monitoring Liaison – a designated PJM employee. “There is a potential for mischief,” said ELCON, “if the PJM employee restricts the data and the information from the MMU.”

ELCON also noted that PJM’s settlement offer came before the conclusion of PJM’s own independent investigation and at the same time that FERC is receiving comments on its Advanced Notice of Proposed Rulemaking (ANOPR) on competition in wholesale electricity markets.

“The timing of this proposed restructuring is all wrong,” asserted Anderson. “We should know what the independent investigation finds. We should see what comes out of the ANOPR process and what FERC recommends to make wholesale markets more competitive and more efficient. This could be a precedent setting case and it is being decided before all the information is available. Market Monitoring is a very important function. Let’s make sure we do it right.”

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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.