

ELCON PRESS RELEASE

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FERC'S ANOPR PROCESS A "GOOD FIRST STEP," SAYS ELCON

"The very fact that FERC started this process means that FERC recognizes that today's so-called organized markets are seriously flawed," said John Anderson, president of the Electricity Consumers Resource Council (ELCON). "We have been asserting for several years now that consumers, large and small, are receiving virtually no benefits from today's organized markets. And now FERC has started the process for a rulemaking which is a good first step. But it is just that – a first step, which must be followed a series of other steps if the markets are to be improved."

Anderson's comments came in conjunction with ELCON submitting its comments to FERC as part of the Advance Notice of Proposed Rulemaking (ANOPR) on the state of wholesale competition in the organized markets.

"Our filing is quite lengthy," noted Anderson, "as it must be, since it covers the many issues that FERC included in its ANOPR request. Improving markets is not a simple process. There is no silver bullet."

Key features of the ELCON comments are demand response, long-term power contracts, market monitoring principles, and ISO/RTO governance.

"We must get the demand side more actively engaged," explained Anderson. "Only by utilizing demand response can we get some elasticity into electricity markets. We need more than simply having regulators design fancy demand curves"

On long-term power contracts, ELCON's filing noted that the "organized markets are unwittingly structured as suppliers' markets and fundamental changes to the Day –Two market paradigm will be necessary to establish a robust forward market capable of delivering net benefits to consumers."

ELCON also recommended a two-tiered market monitoring plan patterned on that used in California. "Independence is the key," noted Anderson. "Market monitors must be able to do their work without fear of repercussions from senior ISO or RTO executives."

And, finally, ELCON called for hybrid governing boards for ISOs and RTOs, but with the precondition that end user interests have equal representation with supplier interests. "In several RTOs, today's so-called independent board members include retired utility executives," stated Anderson. "We don't believe those members are truly independent – that's one reason consumers are being short changed."

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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, including a copy of this filing, is available at ELCON's website, www.elcon.org.