

ELCON *PRESS* RELEASE

FOR RELEASE: January 25, 2005

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STATEMENT OF JOHN ANDERSON, EXECUTIVE DIRECTOR OF THE ELECTRICITY CONSUMERS RESOURCE COUNCIL (ELCON), ON THE RELEASE OF THE CONSUMER ENERGY COUNCIL OF AMERICA'S (CECA) TRANSMISSION INFRASTRUCTURE FORUM'S FINDINGS AND RECOMMENDATIONS, JANUARY 25, 2005

I believe this is the first forum that attempted to look at the transmission system from the perspective of consumers. ELCON represents large industrial consumers. Our members need an adequate, reliable and efficient transmission system. Consumers pay for all transmission expansions, upgrades and additions. As this report clearly states, the voice of consumers, large and small, is a voice that should be a significant part of the planning process when we look at the transmission grid. Directly or indirectly, consumers will pay for transmission expansions, upgrades, and additions. I strongly urge those who own and operate the transmission grid take the views of consumers into account when they make those decisions. Increasingly, I am concerned that consumers' views are ignored.

Industrial consumers consider the twin issues of transmission operation and grid reliability as paramount. As the 2003 blackout demonstrated, if the transmission system goes down, industrial production goes down with it. There are some industrial facilities that were so damaged by that blackout that they have never reopened. There are others that suffered hundreds of millions of dollars in losses, either because they had to halt production directly or their suppliers halted production which amounted to the same thing.

I applaud the Consumers Energy Council of America for undertaking this exercise. They brought together stakeholders from throughout the industry, and I think for the most part we all agreed on what needs to be done. We need reliability standards sooner rather than later. FERC should have both the responsibility and the authority to assure an adequate and reliable transmission system consistent with good commercial practices. Congress should not hold good reliability legislation hostage to the enactment of a "comprehensive" energy bill. We need to overcome petty jurisdictional differences and work for the greater good of an efficient interstate electricity transmission grid. And we need to remove impediments to the building of new transmission where needed and, I believe, we should do that before we start exploring some system of incentives which are likely unnecessary and equally likely to be costly to all consumers, large and small.

I am still a believer that real competition in the electricity can provide lower prices and greater benefits for all consumers. The Energy Policy Act of 1992 attempted to take a first step toward that objective by opening up the transmission system. But in addition to being open and nondiscriminatory, the transmission grid must be fully functional, efficiently run, and have the capacity necessary to meet the power demands of today's consumers and tomorrow's. That is what this report is trying to accomplish.

Stakeholders and policy makers should carefully read and take into consideration the report of this transmission forum. Appropriate action should be taken sooner rather than later, because that would be in the best interest of all consumers.

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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.