

ELCON PRESS RELEASE

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CONTACT: Marc Yacker 202-682-1390

ANDERSON ASSERTS: "RETURN TO REGULATION WILL NOT SOLVE PROBLEMS IN ORGANIZED MARKETS"

"Today's current electricity market structure is not sustainable," asserted John Anderson, president of the Electricity Consumers Resource Council (ELCON). "I believe change is coming, we just don't know when and how."

Anderson, speaking today at the 7th Annual Policy Summit of the U.S. Combined Heat and Power Association in Arlington, VA, noted that in response to recognized flaws in electricity markets in several regions, "there is growing pressure to try to turn the clock back return to cost-of-service regulation."

But Anderson insisted those efforts would not produce positive results. "While I certainly have serious problems with today's Organized Markets," he said, "I also have substantial problems with an attempt to move back to cost-of-service regulation."

He stated he does not believe "there is any reason to think that cost-of-service regulation today would be any better than it was in the past."

In addition he observed that "even if we want to move back to cost-of-service regulation, the path would be terrible difficult and fraught with problems," since state laws would have to be changed and some generation, now sold to third parties, would have to be returned to incumbent utilities. He concluded that "the process would be very messy, at best."

ELCON was one of the first organizations to call for competitive electricity markets and Anderson stated that "we still believe that a healthy dose of competition would bring great benefits to the electric industry...I do not think scrapping the move to competition is good for any of us."

Anderson criticized the RTOs, ISOs and generators who have retained consultants and "drafted so-called studies that purport to show that consumers are really benefiting." In contrast, he called attention to the growing number of non-utility stakeholder groups which had published critical papers in the last two years, stating that "the opposition to the Organized Markets has begun to grow."

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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.