

ELCON PRESS RELEASE

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ELCON QUESTIONS NERC'S PROPOSED RELIABILITY REGISTRATION REQUIREMENTS

The Electricity Consumers Resource Council (ELCON) today submitted comments to the Federal Energy Regulatory Commission (FERC) on the proposed Electric Reliability Organization (ERO), emphasizing that “a number of changes to NERC’s procedures and rules are needed in order to satisfy the statutory prerequisites to certification.” In particular, ELCON raised a number of questions about NERC’s proposed registration requirements for “users of the bulk power system.”

“Thousands of industrial facilities have sub-stations on site and are connected to the transmission grid,” explained ELCON President John Anderson. “Some have generation, some don’t. Each facility is different. Just because a facility is interconnected to the grid, does not mean it has the potential to materially impact the reliability of the transmission system. As the North American Electric Reliability Council (NERC) assumes the role of the ERO and begins to determine who needs to register and comply with its forthcoming reliability standards, it should consider which facilities can have a true impact on reliability. Other sites should not have to register.”

ELCON stated that the “proposed requirements for entities to register in the compliance registry are ill-defined and have the potential to sweep under ERO and regional entity jurisdiction hundreds of industrial facilities that have no material impact on bulk-power reliability.”

ELCON observed that “NERC appears to have the cart before the horse, since neither the ERO’s rules nor its Reliability Standards have been approved by FERC” and asserted that “the registration criteria should be established and the ERO certification process completed before registration proceeds.” In addition ELCON stated that the rules of each of the regional entities, which are charged with implementing the registration process, are also not yet finalized.

ELCON reiterated that the new ERO “should be a strong, top-down organization” that implements uniform and equitable standards. In its comments ELCON also advocated “changes to the NERC’s proposed committee structure so that it is more representative and efficient; procedures to protect against conflicts of interest in the Board of Trustees; clarification of the role and authority of the regional entities so that the primary objective of uniformity is fully realized; improvement of controls on costs and fees; and independent and uniform enforcement of the reliability standards.

“Reliability is extremely important to industrial end users – we want a well run reliability organization,” said Anderson. “During the 2003 Northeast-Midwest Blackout, America’s manufacturers suffered billions of dollars in lost sales and damaged equipment. In some industrial processes, the slightest blip in the supply of power can result in significant loss of product. We want a reliable system – but we want it to be efficient, designed right and run fairly.”

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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 full copy of this filing is available at ELCON’s website, www.elcon.org.