

ELCON *PRESS RELEASE*

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STATEMENT OF JOHN ANDERSON, PRESIDENT OF THE ELECTRICITY CONSUMERS
RESOURCE COUNCIL (ELCON) IN REACTION TO FERC'S ANNOUNCEMENT ON
PROPOSED CAPACITY MARKETS IN PJM
APRIL 20, 2006

As consumers, ELCON members have been saying that the so-called Organized Markets, including PJM, are turning out to be big, expensive mistakes. Now, thanks to FERC's action today, we know that they are about to be bigger and even more expensive.

PJM seems committed to imposing a capacity charge – they can euphemistically call it a reliability pricing model, or RPM if they choose – which at a time of rapidly rising prices in several PJM states will serve only to make prices increase even more rapidly. And now FERC seems to be saying that they support PJM's efforts – only the capacity charge should be even greater which translates into higher costs for consumers. Specifically, through its press release, FERC today found that "PJM's existing capacity obligation rules are unjust and unreasonable." Basically FERC said that consumers in PJM aren't paying enough. They must pay even more to guarantee resource adequacy.

Industrial consumers have long believed that the Organized Markets lack a customer focus. Today's actions are just another step on the very long journey. And, interestingly, FERC frequently prefaces their actions by stating that they acting to benefit consumers. But that sort of language was not included today.

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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.