

# ELCON PRESS RELEASE

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Statement of John Anderson, President of the Electricity Consumers Resource Council (ELCON), in Reaction to the Release of PJM's Study Entitled "Impacts of the PJM RTO Market Expansion"

PJM's press release on its new study begins by asserting that "wholesale electricity customers are saving more than \$500 million a year as a result of PJM's expansion." But what the study really demonstrates is simply that larger power pools produce more efficiencies than smaller pools -- and we've known that since PJM was originally founded in 1927. Unfortunately, the cost savings resulting from PJM's recent expansions have benefited only the shareholders of the big incumbent utilities.

We are pleased that the study clearly states that PJM was not deregulated, but rather re-regulated. An old form of regulation was simply replaced by a new form of regulation.

Utilities and utility-run organizations like PJM should stop patting themselves on the back by paying for studies that tell them exactly what they want to hear. The consumers I talk to in PJM are not happy with the governance process, they are not happy with the services, and they are not happy with the prices. Instead they are asking where are the savings? Where is the innovation? And where is the consumer focus? That is what they hoped to see in competitive markets.

Industrial users in PJM are not just paying higher prices, they are paying prices that they believe are higher than they would have been paying absent recent action by the individual states and by PJM. The PJM pricing mechanism denies retail consumers, large and small, the full benefit of the expanded pool's fuel diversity and prevents consumers from hedging long-term risks -- two benefits the old regulatory regime provided.

In the past several months I have read several studies paid for by generators praising the benefits of the so-called Organized Markets. But I have yet to see any consumer group agree with those assertions.

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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](http://www.elcon.org).