

ELCON *PRESS* RELEASE

FOR RELEASE: April 5, 2007

CONTACT: Marc Yacker/202-682-1390

ELCON SEEKS TWO-TIERED MARKET MONITORING STRUCTURE

ELCON (the Electricity Consumers Resource Council) today recommended a two-tiered market monitoring structure for the organized wholesale electricity markets.

ELCON's President John Anderson testified today at FERC's Conference on "Review of market Monitoring Rules" and stated that "the need for market monitoring units (MMUs) is critical."

He pointed out that FERC's own Policy Statement asserts that MMUs "should focus on how efficiently the markets are responding to customers needs." But he said, too often, "MMUs tend to defend the existing structure and operation of today's ISOs and RTOs, including implementation of proposals that are not supported by customers."

"We have looked at markets across the country," explained Anderson, "and we find that the two-tiered market monitoring structure, similar to that in operation in California, provides a practical means to perform this important function."

Under ELCON's proposal, there would be an independent, internal MMU operating within the ISO/RTO. Among other functions, that MMU would have unimpeded access to all ISO/RTO data and personnel perform real-time screening and analysis to identify circumstances that require further investigation, and independently prepare and release testimony and reports with the assistance of the external market monitor.

Following the California model, ELCON also recommended an independent, external market monitoring committee (MMC) operating outside the ISO/RTO. The MMC would, among other functions, prepare analyses of the potential harm of market flaws to consumers, determine when market activities should be temporarily suspended, address and investigate concerns or complaints of stakeholders, and coordinate with the internal MMU.

ELCON also supports promulgation of a Code of Conduct that would prevent ISO/RTO staff from unduly influencing the work of the MMU and MMC.

"History has shown that internal market monitoring units that report to the ISO and RTO management may not have the independence to adequately protect consumers," asserted Anderson. "The need for MMUs would be minimized if the structure and the operation of the ISOs and RTOs were improved and made more competitive. In addition, if the organized markets were largely unconstrained and local market power concerns were mitigated, the potential for competition would be enhanced and the need for an MMU reduced. However, in today's world, the need for MMUs is critical."

#####

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.