

ELCON *PRESS RELEASE*

FOR IMMEDIATE RELEASE

CONTACT: John Hughes or Marc Yacker, 202-682-1390

ELCON RELEASES COMMENTS ON FUTURE ROLE OF NERC REGIONAL COUNCILS

“Everybody knows that the electricity world is changing,” said John Anderson, executive director of the Electricity Consumers Resource Council (ELCON). “It is time for NERC (North American Electric Reliability Council) to recognize that part of that change means examining the role of Regional Reliability Councils in a world of RTOs (Regional Transmission Organizations) and large, competitive wholesale markets.”

Anderson’s remarks accompanied ELCON submitting comments to Regional Managers Committee of the North American Electric Reliability Council (NERC) in response to their request that electricity stakeholders share their views on the envisioned future role of the ten current Regional Reliability Councils (RRCs).

ELCON’s comments noted several recent changes in the restructuring of electricity markets that should cause the industry to evaluate the scope and configuration of the Councils as NERC prepares to become the statutorily sanctioned electric reliability organization as proposed in pending legislation.

Most importantly, said ELCON’s comments, “RTOs have been established or are forming in most parts of the U.S. and Canada, but the boundaries of these organizations do not always align with the boundaries of the local Regional Council(s).” In addition, the comments noted, after NERC is legislatively authorized it will be able to implement an “independent funding mechanism that will supplant NERC’s current dependency for funding on the Regional Councils.”

“As electricity end users,” stated Anderson, “we believe that large, seamless markets provide the most benefits for consumers. In this brave new world, the ten regional councils will become unnecessary and, if allowed to continue, could contribute to balkanization of the grid. That would, we believe, contribute to decreased efficiency, ultimately resulting in both less reliability and higher costs.”

Specifically, ELCON recommended the following:

ELCON recommends that as RTOs continue to be formed and become operational in North America – and assuming that NERC is ultimately certified as the ERO [Electricity Reliability Organization] and thereby acquires the statutory basis to enforce compliance with its Reliability Standards and to sanction violators – that the ten Regional Councils be phased out and replaced with three Interconnection-wide Regional Councils or IRCs. However, all the reliability assurance functions currently exercised by one or more Regional Councils should not be shifted to the IRCs. Instead, some reliability assurance functions should be retained solely by NERC with others allocated to the RTOs.

“Industrial electricity users are concerned about reliability and establishing a system to facilitate increased commercial activity,” continued Anderson. “NERC is now at a fork in the road. They can choose to continue the status quo – which is certainly the path of least resistance – or they can chart a new path and establish a structure and delineation of responsibilities which reflect the new world realities. We believe that the proper re-allocation of responsibilities to NERC, to RTOs, and to IRCs is an essential step at this time.” ELCON’s comments, including a recommended division of responsibilities, are available at www.elcon.org.

###

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.