

ELCON PRESS RELEASE

FOR RELEASE: August 8, 2006

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ELCON VIEWS FERC'S PROPOSED TRANSMISSION RULE AS "STEP FORWARD"

"Industrial electricity users deal with intransigent utilities on a daily basis," said John Anderson, president of the Electricity Consumers Resource Council (ELCON). "Despite FERC's best intentions in Orders 888 and 2000, there are still utilities that refuse to open up their transmission facilities to competing generators or to cogenerators seeking transmission access. That is why FERC's proposed rule is not just important, it is imperative."

Anderson's comments were in conjunction with comments ELCON filed yesterday on FERC's proposed rule amending FERC's landmark Order 888. Those comments noted that industrial consumers (in addition to ELCON's members, the American Forest & Paper Association and the American Iron and Steel Institute joined in the filing) "are generally very supportive" of the proposed amendments which they believe "represent a good, substantial step forward." But, the industrial users cautioned, "Order 888 will never work as it should as long as the so-called 'native load' exemption is preserved."

ELCON members are concerned about how utilities determine the amount of Available Transmission Capacity (ATC) and their comments were particularly supportive of the proposed rule's requirements for "improving the consistency and transparency of ATC calculations," ELCON emphasized that the "lack of consistent standards can facilitate undue discrimination by giving a transmission provider the discretion, and hence the ability and opportunity, to favor itself and its affiliates over third-party customers" in those calculations and in the subsequent allocation of transmission rights.

The industrial electricity users also praised FERC's proposal to impose new requirements for coordinated, open and transparent transmission planning, agreeing with FERC's finding that Order 888 does not contain sufficient protections to guard against undue discrimination in transmission system planning. According to ELCON, that "can contribute to a chronically under-built transmission infrastructure." ELCON also observed that one of FERC's most intractable problems is the "inability of the electric utility industry to adequately maintain and upgrade its transmission infrastructure as necessary to meet the needs of consumers and the domestic economy."

"Order 888 was an important and positive step forward, but it was woefully insufficient" Anderson stated. "Order 2000 attempted to fix those shortcomings, but, unfortunately, the results of Order 2000 have been somewhat mixed, if not outright disappointing. There are still many regions where the utility is king. We agree with the stated purpose of this proposed rule – "to strengthen the pro forma OATT to ensure that it achieves its original purpose, remedying undue market discrimination" – and in that sense this proposed rule is a positive step forward. We hope it succeeds in those regions where nothing has succeeded to date."

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