

ELCON PRESS RELEASE

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ELCON ASSERTS THAT "RELIABILITY IS CONSUMER ISSUE"

"Make no mistake about it, reliability is a consumer issue," asserted John Anderson, president of the Electricity Consumers Resource Council (ELCON) at a hearing today before the Senate Committee on Energy and Natural Resources.

"Consumers are the ones who suffer most when power is lost," continued Anderson. He noted that during the 2003 Midwest-Northeast Blackout, manufacturers lost billions of dollars, citing "70 auto and auto parts plants, over 30 chemical and petrochemical facilities, at least 8 oil refineries and roughly a dozen steel mills" that were shut down for some period of time.

Anderson commented that "not only do consumers suffer most from power failures, they also have to pay for the construction of the transmission grid as well as for the operation of the Electric Reliability Organization [ERO]," the role that the North American Electric Reliability Council (NERC) will fill as the statutorily sanctioned reliability body mandated by last year's Energy Policy Act. However, end use consumers are given only a small voting weight in NERC.

Anderson emphasized that ELCON favors a "strong, top-down organization that implements uniform standards throughout North America." And he stated that NERC needs to make its committee membership and voting structures more equitable.

"End use consumers should be given greater voting weight," he declared. Under the voting system proposed for the Member Representative Committee, end use consumers would have a vote share of only 11 percent. He thought that a more equitable voting structure was needed, especially since the first draft of NERC's proposed budget for 2007 calls for an increase of at least 20 percent over the 2006 budget. According to the statute, all the costs of the ERO will be paid for by end users.

"While industrial users support all means and procedures necessary to ensure a reliable grid, and we recognize that even the slightest improvements to reliability entail a concomitant cost, reliability at any cost is never justified. This, again, highlights the need for more consumer involvement, since consumers will pay the bills and consumers will suffer the consequence of any outage," he explained.

Anderson also expressed concern about a NERC proposal about who should be subject to the new mandatory reliability standards, noting that some have proposed very broad registration requirements which would include virtually every major manufacturing facility. "Only industrial users that truly can materially impact the bulk power system should be subject to registration and to the NERC reliability standards," he said. "Simply having a substation on the manufacturing facility's site does not make that manufacturer able to materially impact reliability."

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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 Anderson's testimony, is available at ELCON's website, www.elcon.org.