



Consumer Federation of America



For Immediate Release

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**CONSUMER FEDERATION OF AMERICA AND AMERICAN PUBLIC POWER
ASSOCIATION RENEW CALLS FOR REFORM OF NATION'S RESTRUCTURED
ELECTRICITY MARKETS**

Washington, DC, December 13, 2012 - A comprehensive review by the Consumer Federation of America (CFA) and the American Public Power Association (APPA) of the data and studies of wholesale electricity markets demonstrates that excessive generator profits and higher electricity prices for consumers are due to the restructuring of these markets. The analysis, *Have Restructured Wholesale Electricity Markets Benefitted Consumers*, describes the most problematic features of the restructured wholesale electricity markets operated by Regional Transmission Organizations (RTOs) and the primary evidence of the adverse impacts of the markets.

The report concludes: "These data show that the economy has been significantly and adversely impacted by electricity industry restructuring, as it has been practiced." The analysis of the potential impact to consumers conducted by CFA and APPA finds that the restructured electricity markets cost consumers, businesses and factories over \$10 billion each year.

The detrimental impact of these markets has been partially obscured by declines in electricity prices over the past few years. Such price drops are primarily the result of reduced electricity consumption and sharp declines in the price of natural gas, both of which are external to RTO operations. Despite these falling prices, significant gaps persist in between electricity costs in restructured and those in regulated electricity markets – a price differential that has directly fed the high profits earned by unregulated merchant generation owners.

Stephen Brobeck, Executive Director of the Consumer Federation of America and one of the study's authors stated: "It is crucial that the Federal Energy Regulatory Commission determine whether RTO markets are in fact producing electricity prices that are just and reasonable, as required by law, and, if not, to implement needed reforms."

APPA President and CEO Mark Crisson concurred, adding: "It has been exactly five years since 41 national and regional industrial and consumer representatives asked the Commission to comprehensively investigate the justness and reasonableness of wholesale power supply prices in

the markets administered by RTOs. Although FERC rejected that request, the evidence continues to mount that these markets are simply not competitive and are detrimental to the economy.”

The analysis has been published in ElectricityPolicy.com and is available on the CFA’s web site at: www.consumerfed.org/pdfs/Comments.BenefitsofRestructuredElectricityMarkets12.12.12.pdf

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Consumer Federation of America is an association of nearly 280 non-profit consumer organizations that was established in 1968 to advance the consumer interest through research, education and advocacy. www.consumerfed.org.

APPA is the national service organization for the nation's more than 2,000 community- and state-owned electric utilities serving 46 million people. APPA's Electric Market Reform Initiative is addressing the pervasive and increasingly serious problems in the nation's wholesale electricity markets, particularly the Federal Energy Regulatory Commission-approved regional transmission organization (RTO)-run markets. For more information on EMRI: www.appanet.org/emri.cfm.