



## **News Release**

### **Statement by the American Public Power Association on House Energy and Commerce Decision to Review Policies Related to Wholesale Electricity Markets February 16, 2011**

The American Public Power Association (APPA) commends the Energy and Commerce Committee of the U.S. House of Representatives for its stated intent to review and conduct oversight of federal jurisdiction of, and policies related to, wholesale electricity markets. Specifically, APPA greatly appreciates the committee's intent to address consumer protection, infrastructure upgrades, and the competitiveness and efficiency of these markets.

APPA represents the interests of the more than 2,000 not-for-profit, publicly-owned electric utilities throughout the United States that collectively serve a population of more than 46 million. The operation of restructured wholesale electricity markets operated by large bureaucratic entities known as regional transmission organizations (RTOs) has been a primary and growing concern of APPA and its members. The impacts of these markets reach beyond public power, and are felt in all sectors of the economy. For this reason, many industrial, rural, low-income and senior citizen representatives have also expressed strong concerns.

Although frequently referred to as "competitive," these markets bear no resemblance to true competition and as a result, have produced high and volatile prices, with negative implications for the business and manufacturing communities. Many manufacturers of steel, cement and other products report that operating in the restructured wholesale electricity markets greatly increases their operational costs and reduces efficiency.

Higher prices might be justified if there were concomitant benefits in the area of increased development of new transmission and generation capacity, but that has not materialized. APPA and many other organizations have repeatedly called on the Federal Energy Regulatory Commission (FERC) to undertake an investigation of whether these markets are in fact competitive and whether they are benefitting consumers, as intended. Despite its obligation under the Federal Power Act to protect consumers by ensuring that electricity prices are just and reasonable, FERC has thus far rejected such requests. With the new Congress' pledge to ensure transparency and accountability, these efforts by the Energy and Commerce Committee can provide an important window to much needed transparency on the operation and impacts of these markets.

APPA looks forward to working with the committee on this important issue.

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