

For Immediate Release

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**Statement By
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American Public Power Association
In Response to Energy Secretary Steven Chu's Memorandum
Proposing Changes to Role of Power Marketing Administrations
March 20, 2012**

The American Public Power Association has very strong concerns about a number of aspects of the memo from Department of Energy Secretary Steven Chu proposing changes to the role of the Power Marketing Administrations (PMAs). Although we ultimately share his goal of building a more secure and sustainable electric sector and look forward to seeing more detail on how his proposal would unfold and the timelines for achieving it, several proposals in the memo cause us grave concern. Public power's focus has always been on reliable electric service at the lowest reasonable price and for decades, the PMAs have performed well in meeting that goal. Altering that mission in such dramatic fashion, as this memo proposes, could severely jeopardize that success. Specifically, APPA members are concerned that:

- The Department of Energy's assertion that the PMAs will be able to achieve the goals it has set out for them in the proposals while at the same time reducing costs to consumers is highly unlikely. On the contrary, we believe that these proposals will raise the costs to consumers considerably.
- The low-cost hydropower produced by the PMAs, a resource that is renewable and emission-free, will now be used to subsidize the costs of other market participants in the West. The call in the memo to modify the PMAs rate design to "incentivize" variable resource integration, demand response, and energy efficiency programs is in reality a euphemism for shifting costs from one market participant to another.
- The Energy Imbalance Market (EIM) proposed in the memo appears to embrace the EIM without fully considering lower cost alternatives.
- The provision in the proposal to have PMAs serve as "test beds" for cyber-security technologies raise serious concerns with regard to impacts on reliability and costs to consumers.

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Based in Washington, D.C., APPA is the national service organization for the nation's more than 2,000 community- and state-owned not-for-profit electric utilities serving 46 million customers.