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Nation's utility consumer advocates call for significant consumer voice in electric transmission and wholesale market issues

WASHINGTON – June 19, 2009 – The nation's utility consumer advocates today called for major steps to be taken in protecting retail (residential, commercial and industrial) electric customers regarding transmission costs, wholesale markets and related issues. The changes recommended by the National Association of State Utility Consumer Advocates (NASUCA) relate to how regional transmission organizations and independent system operators (collectively, RTOs) are governed.

RTOs were created to independently administer the nation's electric transmission systems owned by the utility industry. Transmission lines carry electricity from power plants to local distribution systems that serve consumers. The decisions that are made by the RTOs have a direct impact on the monthly electric bills of all retail customers who pay the cost of transmission service, yet the perspective and interests of retail customers are virtually unrepresented on the RTO boards of directors when decisions are made.

NASUCA members have adopted a resolution supporting a report prepared by a special NASUCA committee formed to recommend a model RTO structure, from the board members, to the corporate structure, and through the stakeholder process. The report includes improvements to the RTO structure that ensure retail customer interests are represented.

“With billions of dollars in transmission costs at stake in each RTO, retail customers – especially residential consumers – need board members who understand their issues and provide a more significant voice within each RTO organization,” said David Springe, Kansas' consumer counsel

and president of NASUCA. “Steps must be taken to ensure retail customers’ interests are considered at each level of the RTO structure.”

According to NASUCA, residential customers contribute more than 40 percent of the country’s electricity revenues and, accordingly, a similar financial contribution toward the operation and management of the various RTOs. Retail customers pay a significant amount based on transmission decisions and wholesale market costs which the RTOs design and administer.

“With extraordinarily large infrastructure costs proposed by transmission companies, especially with the present economic hard times, customer interests need to be represented throughout the RTO decision-making process – from the board of directors on down,” said Janine Migden-Ostrander, Ohio’s consumers’ counsel and chair of NASUCA’s Special Committee on RTO Governance.

Migden-Ostrander said NASUCA believes implementing the following changes are necessary to ensure a fair balance of interests and effective representation of retail consumers:

- Require at least two seats (approximately 20 percent) on each RTO’s board of directors for members who have expertise and experience in representing retail customers, at least one of which has expertise with residential customers;
- Develop a standing committee of each RTO’s board of directors for consumer issues;
- Implement a department charged with investigating consumer interests into the corporate structure of each RTO, responsible for addressing and furthering consumer interests; and
- Establish funding for use by public consumer advocates to participate in the RTO and Federal Energy Regulatory Commission (FERC) proceedings, and that will allow them to engage consultants.

NASUCA believes better consumer representation of retail customers would lead to more transparent and effective cost control measures that would enhance the ability to demonstrate how the wholesale market affects retail rates, increase the use of energy efficiency resources and provide input on generation and transmission siting issues, Springe said.

NASUCA’s recommendations would help implement a portion of the FERC’s rules on organized electric markets (Order 719), which emphasized the importance of an RTO’s “commitment to responsiveness to customers and other stakeholders, and ultimately to the consumers who benefit from and pay for electricity service.”

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About the National Association of State Utility Consumer Advocates (NASUCA)

NASUCA is a non-profit, national organization of more than 40 state offices designated to represent consumers in state and federal utility proceedings. NASUCA regularly participates in proceedings before the FCC and other federal regulatory agencies.