

UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

Advanced Energy Economy

Docket No. EL17-75-000

**MOTION TO INTERVENE OF THE  
ELECTRICITY CONSUMERS RESOURCE COUNCIL (“ELCON”)  
AND COMMENTS IN SUPPORT OF PETITIONER**

Pursuant to Rules 212 and 214 of the Federal Energy Regulatory Commission (“FERC”) Rules of Practice and Procedure, and the Petition for Declaratory Order dated June 2, 2017, the Electricity Consumers Resource Council (“ELCON”) hereby moves to intervene in the above-captioned proceeding and offers the following comments in support of petitioner Advanced Energy Economy (“AEE”). ELCON is the national association representing large industrial consumers of electricity. ELCON member companies produce a wide range of industrial commodities and consumer goods from virtually every segment of the manufacturing community. ELCON members operate hundreds of major facilities in all regions of the United States. Many ELCON members also cogenerate electricity as a by-product to serving a manufacturing steam or thermal requirement, and are world-class practitioners of energy efficiency technologies. ELCON members therefore will be directly affected by the outcome of this proceeding.

ELCON agrees with AEE’s requested declaratory rulings. The Commission should grant these requests to ensure that PJM maintains fully competitive and fair markets that are open to all competitors. These markets provide large industrial and commercial consumers -- some of the largest users of electricity in the country -- with critical tools to manage their energy costs. Maintaining wholesale electricity markets with a competitive portfolio of options for meeting the energy needs of industrial and

commercial customers -- including investments in energy efficiency improvements in processes and operations -- helps them remain cost-competitive in a global economy and enables them to make additional investments in U.S. workers and infrastructure.

ELCON has long supported the Commission's consistent efforts over the last decade to establish competitive wholesale electricity markets based on the principles of least-cost operation and market-based pricing (*i.e.*, prices established with minimal administrative intervention by RTOs/ISOs). In line with these goals, ELCON has also strongly supported the Commission's efforts to ensure that barriers to the cost-effective use of non-traditional resources are eliminated.

ELCON is thus concerned by RTO/ISO tariffs and market rules that artificially limit or bar participation by particular types of market players or technologies. Such tariffs and market rules limit the ability of large industrial and commercial customers to use the wholesale energy markets to facilitate their investments in critical energy management tools. For example, restrictions on the ability of these customers to offer the load reduction savings they achieve from the installation of energy efficient equipment, systems, or processes into the wholesale capacity market could threaten their ability to finance such investments or otherwise make it uneconomic to pursue them. The result is likely to be higher energy costs, which lead to higher production costs and a less competitive position in global markets.

As ELCON explained in comments following the Commission's recent Technical Conference on state policies and the wholesale markets, it is troubled by the possibility that RTOs and ISOs will seek to redesign their markets and adopt new administrative market interventions in an effort to accommodate state policies that restrict competition.<sup>1</sup> Such efforts also threaten to balkanize the interstate wholesale markets based on individual state choices.

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<sup>1</sup> See Post-Technical Conference Comments of ELCON, Docket No. AD17-11-000 (June 22, 2017).

For all of these reasons, ELCON supports AEE’s requested declarations regarding the authority of Relevant Electric Retail Regulatory Authorities (“RERRAs”) to restrict or bar the participation of Energy Efficiency Resources (“EERs”) in the wholesale electricity markets. PJM’s proposal in the stakeholder process, if adopted, would allow RERRAs to establish new barriers to wholesale market participation that would limit the ability of ELCON’s members to develop energy efficiency projects and offer them as EERs in the wholesale markets, denying them the use of this resource as part of a comprehensive portfolio of cost-effective energy management solutions. ELCON agrees with AEE that no existing law, regulation, or Commission policy gives RERRAs the authority to regulate wholesale market participation in this manner, and that there is no legitimate market or technical justification for barring or restricting EERs from participating in the wholesale markets.<sup>2</sup> To the contrary, such load reductions, when carefully measured and verified under comprehensive measurement and verification rules (such as those that already exist in PJM) provide important cost-effective reliability benefits to the system.<sup>3</sup>

Additionally, ELCON shares the concerns raised in the AEE Petition regarding the anti-competitive impacts of barring, restricting, and/or removing a specific type of resource from the wholesale capacity market.<sup>4</sup> To achieve their goals, competitive wholesale electricity markets must be resource-neutral level playing fields, where a variety of market participants and technologies that are capable of providing needed services compete to provide their services at the lowest cost to consumers. ELCON agrees with AEE that barring, restricting, and/or removing EERs from the wholesale markets would harm competition in those markets by removing resources that have provided significant economic benefits and helped efficiently balance supply and demand at just and reasonable rates. As AEE correctly notes, removing such resources “would result in sub-optimization of capacity resources and prevent the competitive wholesale electricity

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<sup>2</sup> See AEE Petition for Declaratory Order at 6-7, 28-32.

<sup>3</sup> See PJM Manual 18B, Section 2 (detailed measurement and verification requirements).

<sup>4</sup> See AEE Petition at 44-47.

market from serving its intended purpose of choosing the most cost-effective capacity resources” and providing a least-cost solution for consumers.<sup>5</sup>

Accordingly, for the reasons discussed above, ELCON urges the Commission to grant the declarations requested in the Petition. Doing so will ensure that the PJM stakeholder process does not produce tariff and market rule changes that restrict the ability of industrial and commercial consumers to use a broad portfolio of resources, including energy efficiency, to lower their energy costs.

Respectfully Submitted:

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<sup>5</sup> *Id.* at 45.

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day caused to be served the foregoing document upon each person designated on the official service list compiled by the Secretary of this proceeding.

Dated at Washington, D.C.:        July 19, 2017

/s/ W. RICHARD BIDSTRUP  
W. Richard Bidstrup