



2021 Accomplishments Report

Note from the ELCON team

The Electricity Consumers Resource Council (ELCON) celebrated our 45th anniversary this year. Looking back over our rich history and the most recent 12 months of achievements, it is clear ELCON serves a vital purpose in today's changing electricity policy landscape, and we hope to continue to support large commercial and industrial electricity consumers for years to come.

As we have advocated for reliable, least-cost power through efficient and competitive electricity markets, the past year offered several challenges and opportunities for our members' business interests. During the Administration's transition, there has been a renewed focus on market reforms, transmission development, and climate goals. ELCON successfully engaged the Federal Energy Regulatory Commission (FERC), the North American Electric Reliability Corporation (NERC), and Capitol Hill on various initiatives including the all-in cost of delivered power, reliability and winter preparedness, wholesale market reforms, and transmission investment.

Specifically, ELCON formed a coalition of end-use customers and consumer advocacy groups to ask Congress to investigate whether organized energy markets benefit consumers while also engaging FERC in the discussion of how its policies affect the cost of delivered power. ELCON submitted numerous comments to FERC regarding certain market reforms and to ensure that transmission costs remain just and reasonable in the face of extraordinary transmission expansion. ELCON remained engaged with NERC and requested that NERC's work on winter preparedness take into account the full costs and benefits to consumers of any new mandatory rules.

Over the summer, ELCON welcomed its new Vice President, Karen Onaran, who brings a wealth of experience and expertise in electric transmission issues as well as over 10 years of engagement on other FERC issues. Onaran hit the ground running, authoring ELCON's comments on FERC's wide-ranging proposed rulemaking on transmission planning, cost allocation, and generator interconnection.

As we look ahead to 2022, ELCON is well-positioned to represent industrial electricity consumers before FERC, NERC, and Congress. Our strong presence in consumer and pro-competition coalition efforts ensures that our voice is part of the conversation and that any major new policy initiatives will be sensitive to ELCON members' needs. We look forward to another year of robust engagement on behalf of our members.

Sincerely,

A handwritten signature in black ink, appearing to read "Travis Fisher".

Travis Fisher
ELCON President & CEO

A handwritten signature in black ink, appearing to read "Karen Onaran".

Karen Onaran
ELCON Vice President

A handwritten signature in black ink, appearing to read "Kristin Allen".

Kristin Allen
ELCON Administrative Manager



2021 Accomplishments Report

*Highlights of ELCON's work over the
12 months ending August 31, 2021*

ELCON Leads Coalition Effort to Ensure Wholesale Markets Benefit Consumers by Delivering Low-Cost, Reliable Power

On July 8, 2021, ELCON sent a letter (with ten coalition members joining) to Congressional energy leaders requesting a formal study of the cost and reliability impacts of wholesale electricity policies. Noting that the debate over Regional Transmission Organizations (RTOs) has become controversial, ELCON argues that the assertions made by both sides can and should be examined objectively using real-world data. The letter asserts “[r]egulators at FERC and the states cannot fulfill their statutory duties without understanding the fundamental relationship between market structure and the cost and reliability of electricity.”

In a press release, ELCON’s President and CEO, Travis Fisher, said “government studies published more than a decade ago regarding wholesale markets claimed to lack the necessary data – the time is right to revisit these issues with fresh data so we can have an informed debate about the impacts of wholesale markets on consumers.” Regarding ELCON’s desired outcome from the letter, Fisher said “we could learn a lot from an analysis of the wholesale competition experience to date, and we should use what we learn to establish a set of best practices or reforms regarding market structure and make sure we maximize benefits to consumers.”

Utility Dive reported on the letter, saying “[a] coalition of consumer advocates, pro-market groups and others is calling on Congress to direct an independent agency to conduct a first-of-its-

kind cost analysis on organized power markets in the U.S.” Fisher was quoted in the piece saying: “If the goal really is to benefit end users, to benefit consumers, then the question becomes: What’s happening to those wholesale benefits?... If they’re as large as they’re estimated to be, then why haven’t we seen them lower retail rates over time?” The letter was also covered by *RTO Insider* and *Platts Megawatt Daily*.

Groups signing onto the letter included: Energy Choice Coalition, Public Citizen, Association of Businesses Advocating for Tariff Equity, Carolina Utility Customers Association, C3 Solutions, Conservative Energy Network, Heritage Action for America, Industrial Energy Consumers of Pennsylvania, Louisiana Energy Users Group, and R Street Institute.

After issuing the letter, ELCON has maintained contact with Capitol Hill lawmakers and expanded our coalition to include academic researchers. Whether through government or academic means, ELCON will be persistent and steadfast in pursuing objective data and analysis regarding the consumer impacts of federal electricity policy.

Benefit to ELCON Members: This coalition effort raises ELCON’s profile as a thought leader and increases awareness of the issues of higher overall electricity cost and lower reliability. If Congress decides to pursue this study, it could begin a new era of fact-based electricity policy. If not, ELCON will pursue issues of cost and reliability through academic channels. ELCON’s continued push for transparency and objectivity benefits members by holding policymakers accountable for cost-additive policies.

ELCON Argues for Consumer Protection on Transmission Incentives (RM20-10)

ELCON commended Chairman Glick's approach in issuing a Supplemental Notice of Proposed Rulemaking (NOPR) to phase out the Transmission Organization Incentive for transmission owners.

ELCON argued that "objective analysis is necessary to weigh all benefits against all costs and determine whether RTO participation – and, by extension, the Transmission Organization Incentive – provides net benefits to the end-use consumer, as Section 219 [of the Federal Power Act] requires."

Instead of relying on third-party estimates of the benefits of RTO participation, ELCON urged the Commission to conduct its own independent analysis of the costs and benefits associated with RTO participation and the impacts on consumers.

Although ELCON supported the proposal to phase out the Transmission Organization Incentive, we reiterated the lack of focus in the Supplemental NOPR on the statute – that FERC should establish incentives "for the purpose of benefitting consumers by ensuring reliability and reducing the cost of delivered power by reducing transmission congestion."

Benefit to ELCON Members: Transmission is a major and fast-growing component of the overall electricity costs paid by ELCON members. The original March 2020 proposal to increase the Transmission Organization Incentive would have inflated transmission costs while offering little benefit, so ELCON opposed it (and, in fact, may have prevented it from becoming a final rule). Likewise, ELCON supported Chairman Glick's proposal to phase out the Transmission Organization Incentive.

By emphasizing the need for FERC to independently evaluate "the cost of delivered power," ELCON opened a new line of advocacy that we have pursued in a diverse set of proceedings. The language of the Federal Power Act is incredibly supportive of consumers, and ELCON will strive to hold FERC accountable when it ignores its statutory obligation to protect consumers.

ELCON Supports Demand Response Participation in Wholesale Markets (RM21-14)

ELCON supported the removal of the demand response (DR) opt-out for states but argued such removal should be conditioned on a finding that FERC rulemakings do not impose material costs on the distribution system.

In our comments, ELCON recognized the value of DR in providing real-time balancing and essential grid services to support reliable bulk-power system operations. Given recent court cases and advancements in technology (including instant communication of dispatches, real-time visibility, and automated financial transactions), DR can provide system-wide benefits to consumers and should be allowed to do so.

However, ELCON asked the Commission to consider the costs and benefits of its rulemakings and whether removing the DR opt-out would increase costs on the distribution system (beyond FERC's jurisdiction and thus difficult to contest in a FERC proceeding). In addition, ELCON argued that the Commission should acknowledge any costs associated with the DR opt-out and not unduly foist new costs on distribution utilities (and, ultimately, end-use customers).

Regarding FERC's findings in the DR opt-out proceeding and the Order No. 841 (storage rule) proceeding, ELCON disagreed that the Commission "can simply dismiss the costs caused by its rulemakings if their impacts are felt at the distribution level. In fact, we again reiterate our call for the Commission to study the impacts of its policies on the cost of delivered power."

Benefit to ELCON Members: Removing the opt-out helps ELCON members who use DR aggregators. Meanwhile, raising the concern about distribution-level costs reinforces our commitment to the cost causation principle and builds a foundation for future critiques that FERC policies raise the all-in cost of electricity.

ELCON Asks NERC to Consider Regional Differences, Embrace Cost-Benefit Analysis in Winter Preparedness Practices

In comments filed for the August 2021 Board of Trustee and Member Representative Committee meetings, ELCON asked NERC to (1) consider the variance in costs and benefits of weather resilience practices across regions, (2) utilize a cost-benefit analysis to justify any new or modifications to existing policies, procedures, or programs, and (3) provide guidance on the incremental effect of weatherization on loss of load probability.

ELCON recommended that NERC engage with those Registered Entities that typically do not participate in NERC committees and working groups to emphasize the importance of winter preparation. However, additional one-size-fits-all industry requirements should not be imposed, but instead NERC should apply lessons learned for regionally-unique circumstances.

Benefit to ELCON Members: ELCON continues to fight against unnecessary costs imposed on ELCON members, particularly when costly new standards offer little or no reliability benefits given the actions members are already taking.

ELCON Hires EEI's Karen Onaran as Vice President

In the first half of 2021, ELCON conducted a thorough search for our next Vice President. In June, we announced that Karen Onaran was unanimously selected by the search committee to take on the VP role.

Onaran has 15 years of experience in energy policy and legal research, most recently serving as Director, Federal Regulatory Affairs at the Edison Electric Institute (EEI). At EEI, she focused on federal electric transmission policy issues, supporting investor-owned utilities on transmission planning and investment issues as well as wholesale market operations. Her work promoted policies geared towards electric transmission's role in providing safe, reliable, cost-effective, and increasingly clean energy to consumers.

During her time at EEI, Onaran authored several publications including best practices for implementing and financing hardening measures to electric infrastructure and the value of transmission development in achieving the goals of a reliable and clean energy grid.

Prior to her 10 years at EEI, Karen was a paralegal for 16 years in Washington, D.C. focusing on corporate transactions, energy project finance, and federal regulatory compliance. She is a graduate of the University of Mary Washington and received her Master of Business Administration degree from Johns Hopkins University. Karen lives in Washington, D.C. with her husband, Bryce, and beagle, Stanley. Team ELCON is thrilled to have Karen join us.

Benefit to ELCON Members: Karen Onaran combines deep industry experience with the organizational and leadership skills required to get things done. Onaran's hire expands ELCON's work into new areas, specifically transmission policy issues at FERC. Karen is a timely addition to the team, as FERC has just issued an Advance Notice of Proposed Rulemaking on a wide range of transmission issues (more on that soon— comments are due October 12, 2021).

ELCON Holds Leadership Positions in a Range of Electricity Coalition Efforts

ELCON is a leading member in several coalition groups representing consumer interests and pushing Congress to enact pro-consumer, pro-competition electricity market reforms. These coalitions include: the Electricity Customer Coalition, led by the Coefficient Group; the Electricity Generation Competition Coalition, led by the Electric Power Supply Association; and the Future Power Markets Forum, led by Columbia and Johns Hopkins Universities.

Benefit to ELCON Members: ELCON's strong presence in coalition efforts ensures that our voice is part of the conversation and that any major new policy initiatives will be sensitive to ELCON members' needs.



Snapshot of ELCON’s Recent Engagement at FERC, NERC, and Congress (Over the 12 months ending August 31, 2021)

FERC Docket Number	Issue	Benefits to ELCON Members
RM21-14	Notice of Inquiry re: Participation of Aggregators of Retail Demand Response Customers in Markets	<p>ELCON supported the removal of the demand response (DR) opt-out for states but argued such removal should be conditioned on a finding that FERC rulemakings do not impose material costs on the distribution system.</p> <p>Removing the opt-out benefits ELCON members who use aggregators to offer DR in FERC-jurisdictional organized markets. Such members could save millions per year by accessing markets and offering DR products in states that have opted out of FERC’s DR paradigm. In addition, raising concerns about cost reinforces our commitment to the cost causation principle and builds a foundation for critiques that this FERC rulemaking or others could increase the all-in cost of electricity by shifting costs to the distribution system.</p>
RM20-10	Supplemental Notice of Proposed Rulemaking re: FERC’s Transmission Incentives Policy	<p>Earlier in the same proceeding (in July 2020), ELCON highlighted FERC’s statutory duties regarding transmission incentives under Federal Power Act Section 219. In a Supplemental NOPR, new Chairman Rich Glick proposed to phase out the RTO incentive, which ELCON wholeheartedly supported. ELCON also reiterated – in initial and reply comments on the Supplemental NOPR – the need for FERC to take Section 219(a) seriously by studying (1) the cost of delivered power and (2) the role of transmission incentives in reducing it. By emphasizing the need for FERC to independently evaluate “the cost of delivered power,” ELCON opened a new line of advocacy that we have pursued in a diverse set of proceedings. ELCON’s advocacy regarding the cost of delivered power will force FERC to reckon with the impact of its policies on the rates consumers pay.</p>
RM20-16	Notice of Proposed Rulemaking re: Managing Transmission Line Ratings	<p>ELCON joined a coalition of industrial energy consumers and manufacturers to support FERC’s effort to increase the accuracy of transmission line ratings. The coalition argued that inaccurate or overly conservative ratings may result in unjust and unreasonable rates, raising the overall cost of electricity by overstating transmission line congestion and leading to an overbuilding of the transmission system. Preventing unnecessary transmission expansion could save consumers billions of dollars per year.</p>

AD20-14	Policy Statement re: Carbon Pricing in Wholesale Electricity Markets	The Commission’s technical conference and subsequent proposed policy statement were deficient in several areas. ELCON’s comments pointed out the lack of consumer and state interests invited to the conference and argued the policy statement ignores costs and lacks a limiting principle. If the Commission pursues carbon pricing (or an RTO submits a carbon pricing proposal to FERC), ELCON is well positioned to argue for consumer engagement and for an economically efficient carbon price.
RM20-19	Equipment and Services Produced or Provided by Certain Entities Identified as Risks to National Security	ELCON members faced potentially prohibitive cost increases for all equipment on systems rated 69kV or higher. In response, ELCON advocated for a reasonable and cost-conscious approach as opposed to the blacklisting of needed equipment. We also reiterated to FERC what we previously urged of the DOE – to tailor the scope of its implementation of Executive Order 13,920 to the existing definition of the Bulk Electric System. ELCON members are diligent in their efforts to mitigate security risks, and new mandatory standards would unnecessarily raise costs on NERC registered entities without offering commensurate benefits. ELCON’s comments here and to the DOE may prevent prohibitive cost increases stemming from misguided security rules.
AD21-9	The Office of Public Participation	ELCON asked the Commission to prioritize the new Office of Public Participation (OPP) to focus on the electricity sector, given that Congress placed the OPP statute within the Federal Power Act, not the Natural Gas Act. We also suggested that, in the event FERC presently lacks the necessary resources, it should use its new OPP resources to study the cost of delivered power and the consumer impacts of FERC policies.
NERC Comments	Issue	Benefits to ELCON Members
Sector 8 Policy Input for NERC Quarterly Meeting (Aug 2021)	ERO Enterprise Actions re: Winter Preparedness	ELCON guarded against future compliance costs by reinforcing our position that NERC should take a cost-benefit approach to mandatory reliability standards. Specifically, we requested that NERC: (1) consider the variance in costs and benefits of weather resilience practices across regions, (2) utilize a cost-benefit analysis to justify any new or modifications to existing policies, procedures, or programs, and (3) provide guidance on the incremental effect of weatherization on loss of load probability.

Sector 8 Policy Input for NERC Quarterly Meeting (Feb 2021)	Post-Pandemic Meeting Plan	ELCON’s input helped ensure continued access to NERC meetings and meeting space for Sector 8 (large end-use electricity customers). Specifically, ELCON requested that NERC: (1) prioritize the availability of a remote-only option for in-person stakeholder meetings, (2) maintain adequate meeting space, and (3) allow an in-person option for all Member Representatives Committee meetings. Members will continue to benefit from ELCON’s regular engagement at NERC meetings.
Congressional Office	Issue	Benefits to ELCON Members
Senators Joe Manchin and John Barrasso, Representatives Frank Pallone and Cathy McMorris Rodgers	Coalition letter on the cost and reliability of delivered power in the U.S.	This coalition effort raises ELCON’s profile as a thought leader and increases awareness of the growing issues of increased cost and decreased reliability. If Congress were to pursue this study, it would usher in a new era of fact-based decision-making in federal electricity policy. If not, ELCON will pursue an academic inquiry. ELCON’s continued push for transparency and objectivity in assessing electricity costs will benefit members by holding policymakers accountable for cost-additive policies.
Senate Energy and Natural Resources Committee; House Energy and Commerce Committee	Various (cost of delivered power, February winter weather event, proposed energy legislation, etc.)	Regular outreach to committees of jurisdiction – staffers and voting members – is especially helpful when Congress deals with big-ticket events, such as hearings on winter preparedness, confirmation hearings for new FERC Commissioners, or large packages of legislation. ELCON maintains contact with key staffers, who see us a resource for their important work. Members benefit from direct access to Congressional staff who will take their perspectives into account when making and changing electricity policy.