



1101 K Street NW, Suite 700 | Washington DC 20005-4210 | Voice: 202.682.1390 | Email: jhughes@elcon.org

John P. Hughes
President & Chief Executive Officer

April 12, 2018

The President
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Re: U.S. Manufacturers Urge Denial of the Request for Emergency Order Filed by FirstEnergy Solutions Corp. under Section 202(c) of the Federal Power Act

Dear Mr. President:

ELCON, the national association of large industrial consumers of electricity, respectfully requests that the Administration reject FirstEnergy's Section 202(c) request and decline to take other federal action to interfere with retiring power plants. Such action would be unnecessarily anti-competitive and would increase the price of electricity to businesses and consumers, resulting in a substantial loss of U.S. manufacturing capacity and jobs. No one has a greater interest in reliable electricity supply than the industrial consumers whose operations depend on it, but there is no emergency that requires federal response.

The historically low electricity prices that have resulted from the markets' operation have substantially benefited the competitiveness of U.S. manufacturers, benefits that would be lost if they were forced to pay billions in additional payments to the owners of uneconomic coal and nuclear power plants. The retirement of uneconomic plants represents a normal, efficient functioning of competitive markets and has been ongoing for decades. In fact no market operator has requested federal action on behalf of closing plants, even when they acknowledge, such as PJM, that diversity in electricity sources merits further attention.

The circumstances that would trigger Section 202(c) or other federal action simply are not present. A 2017 DOE Staff Report concludes: "while markets have evolved since their introduction, they are currently functioning as designed—to ensure reliability and minimize the short-term costs of wholesale electricity—despite pressures." NERC's CEO stated that "the state of reliability in North America remains strong, and the trend line shows continuing improvement year over year". FERC also relied on "extensive comments" from PJM and other system operators which identified no "past or planned generator retirements that may be a threat to grid resilience." The cost of honoring requests by coal and nuclear interests will be borne by consumers, even though retirements like those with FES are years away and even though the DOE regulations clearly state that "economic factors relating to service . . . generally will not be considered as emergencies unless the inability to supply electric service is imminent."

The government cannot attempt to pick winners and losers and must certainly not treat U.S. manufacturing jobs as inferior to those at uneconomic power plants. Allocation of resources should be left to the competitive markets.

Most Respectfully,

A handwritten signature in blue ink that reads "John P. Hughes".

Cc: The Honorable Rick Perry, Secretary of Energy
The Honorable Lawrence Kudlow, Assistant to the President for Economic Policy & NEC Director