ELCON REPORT

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ISOs, RTOs Ineffective, ELCON Testifies at FERC Conference

FERC-approved ISO and RTO markets "are too costly, not truly competitive, and fail to deliver net consumer benefits," ELCON President John Anderson testified at the first of FERC's series of conferences on competition.

ELCON was invited to participate in the first panel when FERC initiated the public conferences.

ELCON's statement stood in contrast to those from the multitude of witnesses from incumbent utilities who, for the most part, defended the status quo in today's markets.

Anderson noted that "ELCON was perhaps the earliest national stakeholder group to advocate competition in wholesale and retail electricity markets."

He described the disappointment of ELCON members who expected "to see the innovations, the improved customer service, or the so-called 'killer' products that everyone wants and that would have already been delivered in truly competitive markets."

He observed that ELCON's large industrial customer members have been especially disappointed with the customer service in the organized markets. He quoted a survey undertaken by TQS showing that "for the past nine years, the customer service scores in regulated states are considerably higher than those in restructured states for every factor measured."

He also called FERC's attention to the consumer backlash against higher prices in several restructured states, including Maryland, Illinois, Delaware, Connecticut and others. "This rebellion is growing at a rapid pace," he said.

Anderson called on FERC to "acknowledge that the 'Day Two' construct is not working for the benefit of end-use consumers as required by the Federal

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ELCON's Next Workshop on Demand Response

ELCON's Spring Workshop will be held June 13 in St. Louis, Mo., and will focus on Demand Response, an extremely valuable tool for promoting conservation -- if used properly. (*See related story, p. 5.*)

ELCON's workshops are open only to ELCON members, although manufacturers who are considering ELCON membership are also eligible to attend. (For more information, contact ELCON at elcon@elcon.org or 202-682-1390.)

ELCON's Winter Workshop included a number of presentations and perspectives on Organized Markets from different viewpoints. See inside for stories on:

- FERC's commitment to competition,
- Why there are no forward markets, and
- Pros and cons of Organized Markets from speakers representing the various regions.

Highlights of Tampa Workshop on Organized Markets pp. 4-5, 7

ELCON Opposes Revenue Decoupling

A recently released ELCON White Paper lays out arguments against revenue decoupling, which is being proposed by some environmental groups and utilities as a way to promote conservation.

Revenue decoupling severs the linkage between how much power a utility generates and delivers and how much profit it earns. Proponents claim that a utility whose earnings are based power sales has no incentive to promote energy efficiency or conservation. They argue that if a utility's earnings were held constant (i.e., regardless of the level of sales), it would be more likely to promote energy efficiency and conservation.

ELCON strongly opposes the concept because it "disrupts and distorts the utility core business functions and is not a particularly effective way of promoting energy efficiency or anything of benefit to customers," as the White Paper notes.

As ELCON President John Anderson explains, "If a utility's earnings are held

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ALSO IN THIS ISSUE...

What Happened To Competition?

By Lloyd Webb, Chairman, ELCON

In December ELCON released a generally critical paper on the FERC-approved Organized Markets.

That paper represented the views of ELCON members. It was circulated and re-circulated, then discussed at several meetings and conference calls. Even when we thought we had accurately captured a message and a tone that we could all embrace, we still found ourselves making a small change here and a minor tweak there to refine the message to meet members' needs.

It was a lengthy process that started last June and finally ended six months later. Going beyond consensus to achieve unanimity in an association with a membership as diverse as ELCON's is always challenging. But, we were successful in meeting this goal.

Then, just when we thought we could take a deep breath -- mission accomplished, so to speak -- we discovered that the next step would be even tougher. While many stakeholders who share ELCON's frustrations praised the paper, the reaction from the trade press, regulators, legislators and others was far greater -- and the understanding of what we said far more inaccurate -- than any of us at ELCON anticipated.

Let me first state what our paper said. It stated, quite clearly, that ELCON favors competitive markets over regulated markets. ELCON members represent companies that make a wide range of products -- and in every case our products are bought and sold in competitive domestic and international markets. We recognize their competitive nature by the existence of multiple suppliers and by every company's effort to offer the product or products that the buyers are seeking. We must offer those products at a price the buyer will accept while maintaining the capability to provide the full package to serve all customers' needs.

We would like to see that same kind of market for our electricity supply. But we don't. Instead we see "restructured" markets where prices are determined by highest cost producers and "competitive" markets where no competition exists. Not only are they not competitive, but from a customer's point of view they may provide even fewer benefits than the old, fully regulated markets that we had hoped to move away from. We had hoped to see multiple suppliers competing for customers' business; we had hoped to see new products and product offerings; and we had hoped to be able to buy long term power in an attractive bundled package. Instead we are offered pieces of the package based on the highest offering for each part. Worse yet, we lack the power that most markets offer to influence either the parts of the package or their prices.

The paper we released last December made those points. It was the voice of frustrated customers who were forced into a market structure in which they saw few new benefits.

If this is what the future holds, we said, we don't like what we see. Let's explore all options, and yes, all options include the possibility of returning to traditional cost-of-service regulation. It didn't provide many benefits before, but it may be better than what we see now.

Here is what we did not say.

We did not say we are giving up on competitive electricity markets. We only said that what some are describing as competitive markets today are decidedly not competitive from a customer perspective.

We did not say that organized markets, per se, are undesirable. We have always supported separation of transmission ownership and operation. We only said that today's markets, primarily because of their governance and pricing systems, are not providing the benefits that we had hoped for. Moreover, the problems of those markets are not self-correcting.

And, we did not say we supported a return to cost-of-service regulation. We only said that what we have today is not sustainable and, rather than perpetuate it, we should explore all options.

The message in our December paper continued to convey the same message that we have been communicating for the last couple of years and that was in our April 2005 paper. But for some reason more people seemed to listen -- and that includes a variety of stakeholders, including FERC. We think we helped create some urgency at FERC as shortly after the publication of our paper a series of public conferences was scheduled focusing on

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ELCON Elects New Officers

ELCON elected new officers for 2007 at its annual meeting in February.

Lloyd Webb of Eastman Chemical will serve as ELCON's Chairman. Webb has spent the last two years as Vice Chairman and Secretary-Treasurer, respectively. He has been a "point person" for ELCON on PURPA and cogeneration issues. He sees a busy year ahead, stating that "FERC will be addressing a number of key issues this year including competition, OATT, and reliability. Industrial users have a role to play in each of those debates."

Dave Lyons of DaimlerChrysler was elected Vice Chairman. He served as Secretary-Treasurer for the past year. "I look forward to working with other ELCON members, especially on issues involving the so-called organized markets which, at present, seem to lack a customer focus," he said.

Jim Hoyt of Tate and Lyle will be ELCON's Secretary-Treasurer. He has been an active member of ELCON's Technical Committee and has previously played a leadership role in the Council of Industrial Boiler Owners as well as in the Tennessee Valley Industrial Consumers group. "Industrial electricity users need to be concerned about the linkage between environmental objectives and sound energy policy. This year could be crucial," said Hoyt. E

ELCON Calls for Two-Tiered Market Monitoring Structure

ELCON supports a two-tiered market monitoring structure for the organized wholesale electricity markets.

ELCON President John Anderson, testifying at FERC's Conference on Review of Market Monitoring Rules, said the need for market monitoring units (MMUs) is "critical."

He pointed out that FERC's own policy statement asserts that MMUs "should focus on how efficiently the markets are responding to customers needs." Too often, he said, "MMUs tend to defend the existing structure and operation of today's ISOs and RTOs, including implementation of proposals that are not supported by customers."

"We have looked at markets across the country," he explained, "and we find that the two-tiered market monitoring structure, similar to that in operation in California, provides a practical means to perform this important function."

ELCON has proposed an independent, internal MMU operating within an ISO/RTO. Among other functions, it would have unimpeded access to all ISO/RTO data and personnel perform real-time screening and analysis to identify circumstances that require further investigation, and independently prepare and release testimony and reports with the assistance of the external market monitor.

Following the California model, ELCON also recommended an independent, external market monitoring committee (MMC) operating outside the ISO/RTO. The MMC would, among other functions, prepare analyses of the potential harm of market flaws to consumers, determine when market activities should be temporarily suspended, address and investigate concerns or complaints of stakeholders, and coordinate with the internal MMU.

ELCON also supports promulgation of a code of conduct that would prevent ISO/RTO staff from unduly influencing the work of the MMU and MMC.

"History has shown that internal market monitoring units that report to the ISO and RTO management may not have the independence to adequately protect consumers," Anderson said. "The need for MMUs would be minimized if the structure and the operation of the ISOs and RTOs were improved and made more competitive. In addition, if the organized markets were largely unconstrained and local market power concerns were mitigated, the potential for competition would be enhanced and the need for an MMU reduced. However, in today's world, the need for MMUs is critical." E

ELCON 'Generally Pleased' With Listings In NERC Compliance Registry

ELCON President John Anderson said he and ELCON members are "generally pleased" with the preliminary listing of manufacturing facilities on the compliance registry prepared by the North American Electric Reliability Corporation (NERC).

Under the Energy Policy Act of 2005 (EPAct), FERC was directed to name a national electric reliability organization. NERC was the one chosen.

Accordingly, NERC needed to compile a list of facilities that would be subject to their reliability standards. That listing -- called the Compliance Registry -- was the subject of some controversy, as some NERC staff wanted to include virtually every facility, utility and non-utility, that generated any electricity, which would have included numerous industrial facilities with on-site, behind-the-meter generation. The statute was vague as to the extent of coverage, stating that owners, operators, and users of the bulk power system would be affected. The term "user" was not defined in EPAct.

ELCON worked closely with NERC to ensure that only industrial facilities with behind-the-meter generation and the potential to have a "material impact" on the grid were included on the Compliance Registry. The recently released preliminary listing generally adheres to that standard (with a few exceptions).

In a related development, in April ELCON filed comments at FERC in response to a proposed rule issued in March that sought to eliminate the exemption from the reliability standards for qualifying facilities of 20 megawatts generating capacity or more.

Many ELCON members have behind-the-meter generation and are qualifying facilities (QFs) under PURPA. Therefore the Commission's statement that "from a reliability perspective, there does not appear to be a meaningful distinction between QF and non-QF generators that would warrant the exemption" was of particular interest.

ELCON stated explicitly that "FERC should not conclude that QFs can and should be treated like non-QF generators" since the primary function of QFs distinguishes them from other generators.

The proposed rule would force the registration of all QFs above 20 MW regardless of whether the QFs operations have any effect on reliability or the registration actually results in improved reliability, ELCON commented.

Registration for QFs should be limited to such units that "actually have a material impact on the grid," the comments said. Therefore, ELCON seeks "to avoid the registration of QF operation that do not materially affect reliability."

"If implemented, this proposed rule would add an unnecessary and potentially harmful wrinkle to the reliability registration." Anderson said. "I am hopeful it can be straightened out."

"ELCON members are concerned about reliability, and of course we want NERC to succeed as it undertakes a monumental task," said Anderson. "NERC standards should apply to any entity that could have a material impact on the grid, but not to others. NERC seems to be following that guideline, and we are generally pleased." E

ELCON Winter Workshop, Tampa

FERC Committed To Competition, Chairman, General Counsel Tell ELCON

FERC Chairman Joe Kelliher and General Counsel John Moot told ELCON's Workshop that FERC is committed to making wholesale electricity markets more competitive.

Kelliher gave a dinner speech outlining a series of special conferences on competition that FERC plans to hold during the year. (*See related story, p.1.*) One impetus for the conferences was dissatisfaction with organized markets as voiced by ELCON and other consumers, he said. Kelliher also told the group, as he has said before, that he believes FERC's primary role is to act as a consumer protection agency -- and if consumers are unhappy FERC has an obligation to act.

Moot told a luncheon meeting there should be a national energy policy and, by necessity, the policy should not be decided by governors or state utility commissions. At the same time, "FERC should not design markets," he asserted.

Moot also directly addressed issues raised in ELCON's recently published paper on organized markets, acknowledging that "it's hard to disagree with many of the points." Regarding ELCON's opposition to creation of capacity markets, however, he asked, "What's the alternative?" He also questioned ELCON's position on promoting ease of market entry and exit, noting that the issue had a distinct "reliability impact." E

History of Competition Traced by Regulator

Ten to fifteen years ago, large industrial electricity users were in the forefront of the effort to create truly competitive wholesale and retail electricity markets. The history of that effort -- and what happened -- was traced by Tom Welch, former chairman of the Maine Public Utilities Commission, in a keynote talk at the Winter Workshop.

One reason for the push for competition was a "reaction to [then] existing regulatory regimes" and a desire on the part of ELCON members and other consumers to "take advantage of potentially lower costs," he said. Also contributing was the problem that "bad decisions were borne by the ratepayers." That was expected to change with competitive markets, he said.

Welch offered a personal anecdote about his experience as a Maine commissioner. The state had a bad track record with long-term planning and had higher power costs than the national average. He said he and other policy makers believed "no system we could come up with could be worse" than what they already had.

An objective of competitive markets was to shift the risk from ratepayers to shareholders and investors, he said. But, one result of restructuring was that independent power producers, who were supposed to be the low-cost providers, went bankrupt when they were unable to compete in the market due to higher fuel costs or poor market designs that made entry difficult.

In retrospect he said he believes that industrial customers -- among the prime proponents of competitive power markets -- "really wanted special deals" from state utility commissions. In that sense, they would have been better off under traditional regulation, he said. E

Why Are There No Forward Markets?

No forward contracts exist in today's organized markets because electricity markets are different from other ones, according to Thomas Austin, a utility analyst with the Maine Public Utilities Commission. Among the unique attributes of electricity markets: "There is no storage, it clears in real time, and keeping the system balanced is more difficult than in any other market."

ELCON has supported markets based on long-term bilateral contracts -- whereas today's markets rely on spot markets.

Tom Welch, former chairman of the Maine commission and also a speaker at the Workshop, further explained that wholesale and retail competition "are very different animals." Competitive wholesale markets can exist without competitive retail markets, but the opposite does not hold true, as several states' efforts have shown. Competitive retail markets require functioning competitive wholesale markets, and the absence of the latter accounts for the lack of successful retail competition. The "sequencing was not clearly established," he said.

Another reason for the failure of retail competition and the lack of significant long-term contracts is the "California experience." Welch related how "events exposed the structural weaknesses in California," where surpluses dried up, inventory in capacity declined, and natural gas prices proved unstable. That, plus "creative misbehavior," set back restructuring and competition, he said.

Welch and Austin agreed the Energy Policy Act of 2005 would have little or no impact on retail competition. Welch described EPAct as "agnostic on organized markets" -- though he viewed the transmission siting language as promising. Austin said he thought EPAct's major impact would be that it "reaffirms" a commitment to reliability.

Welch offered his own list of recommendations to improve markets: more demand side response, pricing reform so consumers benefit, additional diversity in generation, including distributed generation, and transmission modernization.

Austin, on the other hand, advocated increase generation capacity. And, in contrast to ELCON's disdain for capacity markets, Austin insisted that "some type of capacity market is needed." E

ELCON Winter Workshop, Tampa

Above: ELCON President John Anderson (left), FERC Chairman Joe Kelliher
Right: FERC General Counsel John Moot
Far right: Barbara Barkovich, California Large Energy Consumers Association (CLECA)

A Brief Summary of Organized Markets

Speakers from the various regions served by the Organized Markets spoke to ELCON's Winter Workshop, each explaining the pros and cons of their individual regions.

PJM: Jeff Bladen, general manager, market strategy for the PJM Interconnection LLC, described PJM as the world's largest electricity market with 51 million people. He asserted that the "core" of PJM's mission is to find "ways for customers to say no to high-priced generation." He insisted PJM provides better price signals, which contribute to "economic and reliability efficiency."

When asked why so few long-term contracts are available in PJM, he responded that it was due to credit problems, "lack of connection" between physical and financial markets, and the need for additional rules to counter the perceived instability in today's marketplace.

New England: Thomas Austin, utility analyst, Maine Public Utilities Commission, noted that there was "massive opposition" to ISO-NE's LICAP proposal. After FERC directed a negotiated settlement, the ISO agreed on a compromise capacity market with a descending clock auction. Austin was vague about the effectiveness of that proposal -- "time will tell," he said -- and suggested market participants will have a better idea about the impact of the compromise in 12 months.

Texas: Eric Schubert, senior market economist, market oversight division, Public Utility Commission of Texas, said Texas has "taken a very different path" in market creation due largely to the uniqueness of the Texas commission, which has jurisdiction over wholesale and retail markets as well as transmission. Also contributing, he said, is the Texas PUC's location two blocks from the state legislature, which allows constant supervision.

Schubert said the Texas commission attempted to research "markets that actually work" and found Australia, New Zealand, and Alberta, Canada, provided good models. The result is an "energy-only" approach, though nodal pricing is included.

In looking at other markets, Schubert identified the following prerequisites for success:

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Next Workshop on Demand Response

ELCON's Spring Workshop will be held June 13 in St. Louis, Mo., and will focus on Demand Response.

"Demand Response is the often overlooked third leg, along with energy efficiency and conservation, of the three-legged stool comprising alternatives to new electric generation," said John Hughes, ELCON's vice president for technical affairs. "The potential for large and small power users to voluntarily cut back on consumption during periods of peak demand is enormous. Demand Response reduces the need for new capacity, alleviates stress on the grid, has environmental benefits, and can knock some of the high priced generation on the margin out of the mix. The only drawback is that utilities and market operators don't want to provide appropriate compensation."

The agenda for the June Workshop is in the process of being developed. It is open only to ELCON members, though manufacturers who are considering ELCON membership are also eligible to attend (contact ELCON at elcon@elcon.org or 202-682-1390). E

ELCON Activities Before The Federal Energy Regulatory Commission

Change in Demand Response Rules Protested

ELCON joined member company Gerdau Ameristeel Corporation in protesting PJM's failure to treat demand response symmetrically with generation after PJM proposed revising its economic load response rules to prevent alleged gaming.

PJM claimed entities with day-ahead LMP-based contracts were able to submit demand reduction bids in the day-ahead market when LMP was above a certain price in order to receive an economic-load response incentive, whether or not they intended to consume energy for that period. Such activity was supposed to be prohibited.

Gerdau protested not only the lack of symmetric treatment in PJM's rules but also PJM's claim that a majority of its stakeholders approved the plan. An entire sector of stakeholder representatives -- end users -- did not approve, Gerdau said.

ELCON and Gerdau believe that a decrease in a MW consumed has the same effect on the system as an increase in MW generated, so demand response should be treated symmetrically and priced on the same basis as a generator. But it isn't. PJM reported energy reductions during an August 2006 heat wave amounted to $650 million in savings, but the corresponding payments made for demand response amounted to only $5 million.

ELCON commented that asymmetrical treatment of demand-side resources aggravates the problem of limited opportunity for demand resources to participate in the market and noted that both PJM's market monitoring unit and FERC staff have previously recommended steps to increase demand-side participation in the market. For example, in an August 2006 report on demand response, FERC staff stated that demand response "deserves serious attention."

Steps recommended by staff included exploring better ways to accommodate demand response in wholesale markets and to coordinate with utilities, state commissions, and other interested parties in wholesale and retail markets; and considering proposals for compatible regulatory approaches, including how to eliminate regulatory barriers to improve participation in demand response, peak reduction and critical peak pricing programs.

ELCON pointed to the numerous benefits of demand response:

- Market participants see lower or at least more stable wholesale and retail prices and can create additional choices in retail markets to manage customer load and costs.
- Less demand on the system translates to less need to build additional generation or transmission and distribution infrastructure, particularly since demand response resources can be called upon relatively quickly to relieve problems in load pockets.
- Customers save costs in their energy bills from reduced consumption and at the same time obtain reliability benefits.
- Demand response can also be a tool for mitigating generation market power in periods of high demand. In order to maximize these recognized benefits to all market participants, resources must be treated on equal footing.

As for alleged gaming by industrials, ELCON argued that this is supposed to be prevented by RTO market monitoring unit, which are tasked with monitoring such behavior regardless of the type of resource doing the bidding.

As for PJM's claim of stakeholder approval, the comments noted that PJM failed to reveal that 10 end user representatives on its member committee had objected to the proposal and had requested that the objection be reflected in the record. E

ELCON Opposes CA Capacity Market

ELCON filed comments with the California Public Utilities Commission (CPUC) supporting the Bilateral Trading Group, a coalition of consumer and other groups, in opposing a centralized state capacity market (CCM) and favoring instead a bilateral market. The BTG said an energy-based market with forward contracting would better assure adequate investment in generation while improving price signals and reducing risk of overpayment.

ELCON noted the BTG recommendation would:

- Provide for a decentralized wholesale market where consumption and investments decisions are driven primarily by energy price signals.
- Allow price risk to be managed and hedged with bilateral contracts based on risk tolerance, overcoming the concern regarding "scarcity pricing."
- Recognize the value of price-responsive load as a resource that can minimize the need for new generation at the time of system peaks and mitigate unilateral market power.
- Interface with other California energy policies without creating undue losses in economic efficiency. E

ELCON Winter Workshop, Tampa

Brief Summary

From Page 5

- Easy interconnection of new generation.
- "Aggressive investment" in new transmission.
- Socialized payment for new transmission.
- Successful retail markets.
- Bilateral forwarding contracts without a central pool.
- A design that distinguishes between scarcity pricing and market power abuse.
- Market-based demand response.

Midwest: John D. Chandley, a principal in the consulting firm LECG, identified the basic problem in today's electricity markets as lacking the "necessary structure to promote true competition." He also advocated larger, rather than smaller, power pools, and insisted that single-utility pools were unacceptable and unworkable.

Chandley defended LMP as a market mechanism, calling it "the price of dispatch" and stating that it provides a means of charging the correct price at each location. He also described the role of the spot market as providing "an appropriate balance" between long and short-term contracts.

California: Barbara Barkovich of the California Large Energy Consumers Association (CLECA) described how California is in the process of establishing a resource adequacy program that requires all load-serving entities to submit anticipated capacity requirements. The process is complicated by the California ISO's insisting that it "must know where each kWh is coming from."

She said large and small users are upset with the process because the California PUC is ordering utilities to build new generation without any due process with the defined objective of maintaining reliability. One fear is that high construction costs for generation will add significantly to customers' bills.

For industrial users, said Barkovich, there "is complete frustration at this point. Reliability is important, but not important at any price."

California consumers are also fighting the establishment of capacity markets. CLECA and other such groups are "united in apposition to capacity markets -- they don't incent new generation," she said. E

ISOs, RTOs Ineffective

From Page 1

Power Act." He asked FERC to "initiate an inquiry into whether today's RTO platform, with LMP, can be made a viable market model." And, he called attention to the "magnitude of the problem," concluding that "simple technical fixes or additional regulatory intervention will not correct the inherent problems." E

Seven Pre-Conditions

ELCON has consistently presented its seven pre-conditions for "true'" competition in several white papers and at FERC's first conference on competition:

- Prices must be established through an interaction of supply and demand.
- New capacity must be “incented” through market forces, not through administrative re-regulation.
- Market entry **and exit** should be determined by market forces.
- Consumers must be able to hedge future prices with long-term bilateral contracts.
- There must be an adequate transmission infrastructure.
- Market power must be mitigated.
- If all conditions above are met, wholesale price caps and bid mitigation measures may be relaxed. E

Competition

From Page 2

competition in the organized markets.

Our message in 2005, in 2006, and today is really pretty simple. We support competitive markets, we don't have competitive markets, and if we can't get competitive markets -- for whatever reason -- let's look at all available market structures so that there are at least some benefits for consumers.

ELCON members understand this. We need to continue to make sure that other stakeholders do as well.

Lloyd Webb is energy manager for Eastman Chemical.

Revenue Decoupling

From Page 1

constant and consumption is reduced, that translates into higher rates for consumers. The utility doesn't care how much power it sells, but decoupling dampens the incentive for consumers, large or small, to engage in energy efficiency if such efforts do not result in lower electricity bills.

"ELCON members and other manufacturers have already made substantial investments in energy efficiency to enhance their competitiveness in domestic and international markets. But to believe that very many consumers will undertake conservation or energy efficiency efforts without being rewarded with lower bills is somewhere between counter-intuitive and ludicrous."

ELCON's paper praised the concept of tasking an independent entity, rather than a utility, with the role of managing the energy efficiency function.

"There are several states that have addressed the issue of energy efficiency in a positive and productive way," noted Anderson. "New York has a state agency; Wisconsin has an independent consortium.

"The point is that decoupling places utilities in a role they are not well suited for. There are other ways to achieve energy efficiency -- and we hope that policy makers will consider those approaches." E

Interested in ELCON Membership?

Contact elcon@elcon.org

Or phone us at 202-682-1390

WHAT IS ELCON?

DATE ORGANIZED: January 15, 1976

WHO WE ARE: The Electricity Consumers Resource Council (ELCON) is the national association representing large industrial consumers of electricity. ELCON was organized to promote the development of coordinated and rational federal and state polices that will assure an adequate, reliable and efficient supply of electricity for all users at competitive prices. ELCON's member companies come from virtually every segment of the manufacturing community.

MEMBER COMPANIES: Air Liquide Alcoa Anheuser-Busch Companies, Inc. BOC Gases BP Chevron Corning, Inc. DaimlerChrysler Dow Chemical Co. E.I. du Pont de Nemours & Co. Eastman Chemical Company ExxonMobil Power and Gas Services, Inc. Ford Motor Company General Motors Corporation Gerdau Ameristeel Honda Honeywell Intel Corporation Johns Manville Lafarge Monsanto Co. Occidental Chemical Pioneer Chemical LLC Praxair Procter & Gamble Rio Tinto Shell Oil Products Smurfit Stone Container Corp. Solutia, Inc. Tate & Lyle Valero Energy Corp.

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