

June 12, 2019

Chairman Neil Chatterjee
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Commissioner Cheryl A. LaFleur
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Commissioner Richard Glick
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Commissioner Bernard L. McNamee
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Dear Chairman Chatterjee, Commissioner LaFleur, Commissioner Glick, and Commissioner McNamee:

As associations representing the commercial and industrial sectors, as well as, residential ratepayers and public interest groups, we are writing to urge the Federal Energy Regulatory Commission (FERC) to continue its leadership role in encouraging the evolution of competitive wholesale electricity markets and to consider several critical issues as part of your agenda and activities going forward.

Two decades ago, consistent with the principles and requirements of the Federal Power Act, FERC encouraged the formation of regional transmission organizations (RTOs) and independent system operators (ISOs), with the goals of promoting economic efficiency, reliability, and non-discriminatory access to the transmission grid.

Since that time, multiple studies have found that competitive wholesale electricity markets can deliver significant benefits to electricity customers, including greater efficiency, lower electricity prices, and robust reliability. Competitive wholesale electricity markets can also encourage investment in innovations that are transforming the grid and delivering significant value to customers, such as clean energy generation as well as energy storage, distributed energy resources, and demand response technologies.

However, as you are quite aware, RTO and ISO decision-making processes do not always adequately consider the voices of customers, innovators, and other new entrants to wholesale electricity markets. The processes often favor incumbents, which have resulted in problems with transparency, accountability, and market performance. Customers are also concerned about growing tensions among states, market operators, and Federal policymakers related to the evolution and operation of wholesale electricity markets. In some regions, state preferences and mandates for energy generation do not always align with market outcomes. In some markets, choices in market design create unintended barriers to adoption of emerging technologies.

These issues are complex, and solutions will necessarily involve rigorous analysis and diverse stakeholder input. As FERC continues its mission and mandate to ensure open access, reliability, and just and reasonable electricity rates, we urge you to consider the following:

- FERC should ensure that RTOs and ISOs adhere to key principles necessary for the efficient and effective operation of wholesale electricity markets, namely: transparency in

decision-making, independence from undue influence, and fair representation of all stakeholders consistent with Order No. 719.

- FERC should continue to fulfill its role in providing strong oversight to ensure RTO and ISO accountability not only to these principles in concept, but also in practice. RTO and ISO decision-making processes—and which stakeholders are empowered to shape them—will impact the success of each and every priority of the Commission, including resiliency, cybersecurity, and the transition to a modern grid.
- FERC should ensure wholesale electricity markets continue to enable access to advanced technologies, which benefit consumers by lowering costs and improving service quality. Innovation in generation, transmission, communications technologies, and consumer-centric business models are already creating value for electricity customers and the grid as a whole. FERC should be a leader in this transformation.
- FERC should ensure the independence and effectiveness of the RTO and ISO Independent Market Monitors (IMMs) and the IMMs' right to file complaints regarding market deficiencies.
- FERC should consider mechanisms for ensuring *all* U.S. electricity customers can realize the benefits of wholesale market competition.

More than ever before, competitive wholesale electricity markets are poised to unleash the cost-effective, clean, reliable, and resilient solutions that electricity customers demand and deserve. With FERC's continued leadership and oversight, we can accelerate the transition to a modern grid while empowering consumers and protecting the public good.

We look forward to continuing a dialogue with you on these critical issues.

Sincerely,

American Chemistry Council
American Forest and Paper Association
Business and Institutional Furniture Manufacturers Association
Electricity Consumers Resource Council
Heritage Action for America
National Association of State Utility Consumer Advocates
National Retail Federation
Portland Cement Association
Public Citizen
R Street Institute
Retail Industry Leaders Association
Small Business Entrepreneurship Council
TechNet