

Consumer Advocates of the PJM States

NASUCA Annual Meeting
Orlando, FL
November 18, 2013

Who we are

- ▶ CAPS, established in 2013, is a non-profit organization whose members represent over 61 million consumers in the 13 PJM states and the District of Columbia.
 - ▶ The cost of electricity that our consumers pay is determined, to varying extents, by the tariff and rules under which PJM operates as well as state jurisdictional tariffs. For some states, almost all of the cost of retail electricity is determined at PJM.
 - ▶ PJM and its stakeholders set rules under which wholesale markets operate and the costs of reliability are determined.
 - ▶ CAPS' engagement is necessary to ensure that consumers' concerns are heard.
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Our Brief History

- ▶ Before the creation of RTOs/ISOs many transmission issues were state–jurisdictional
 - ▶ Many of those same issues are now resident at RTOs/ISOs and subject to FERC jurisdiction
 - ▶ There has not been the same level of participation by advocates in RTO/ISO issues as in state proceedings
 - ▶ This has caused retail customers to lose their voice in such matters for many reasons including not having a meaningful ability to participate in the stakeholder process and the concomitant FERC cases
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Our Brief History

- ▶ The PJM Advocates attempted to secure modest funding in 2009 through the PJM stakeholder process similar to the existing Tariff language funding OPSI. We viewed this as the best way to ensure that the interests of the retail customers that we represent informed the decisions before PJM and FERC.
 - ▶ The majority PJM members voted to fund CAPS, including unanimous support by the end use sector who would be paying the costs. Yet our initiative did not get the necessary supermajority.
 - ▶ The PJM Board of Managers declined to file the proposal with FERC on their own initiative.
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Our Brief History

- ▶ FERC-funded through the Constellation Energy Commodities Group market manipulation settlement in an October 10, 2012 Order at Docket No. IN12-7.
 - ▶ CAPS incorporated as a Maryland corporation.
 - ▶ Active participation began shortly after the September 1, 2013 staffing of the organization.
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Members & Other Offices

- ▶ Delaware Division of the Public Advocate
- ▶ Office of the People's Counsel of the District of Columbia
- ▶ Illinois Citizens Utility Board
- ▶ Illinois Office of Attorney General
- ▶ Indiana Office of Utility Consumer Counselor
- ▶ Office of Rate Intervention, Kentucky Office of the Attorney General
- ▶ Maryland Office of People's Counsel
- ▶ Michigan Department of Attorney General
- ▶ New Jersey Division of Rate Counsel
- ▶ North Carolina Public Staff
- ▶ North Carolina Office of Attorney General
- ▶ Office of the Ohio Consumers' Counsel
- ▶ Pennsylvania Office of Consumer Advocate
- ▶ Consumer Advocate & Protection Division, Tennessee Office of the Attorney General
- ▶ Virginia Office of Attorney General
- ▶ West Virginia Consumer Advocate Division

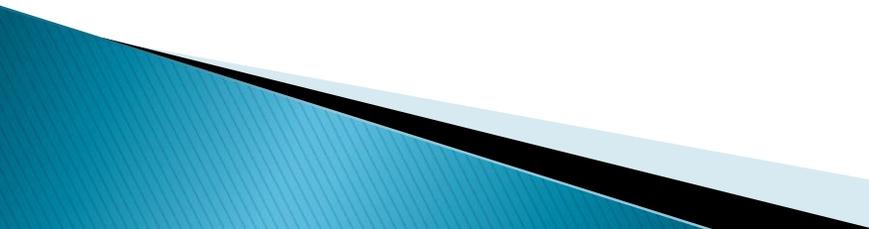
Reasonable Prices for Reliable Service

Mission: Our mission is to actively engage in the PJM stakeholder process and at the Federal Energy Regulatory Commission to ensure that reliable electric service is also reasonably priced.

Current Interests

- ▶ Capacity market rules including how proposed changes related to DR and Planned resources will affect consumers' electricity costs.
 - ▶ Transmission plans and cost allocation.
 - ▶ Reliability issues including the sea change in generation fuel types.
 - ▶ Energy market – the largest portion of consumer costs.
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Capacity Market Rules

- ▶ State Consumer Advocate Offices actively participated in the lengthy 2006 RPM negotiations.
 - ▶ This year, and with PJM's active support, several issues have been very rapidly pushed through the PJM stakeholder process.
 - ▶ There are concerns on our side that the process was precipitate, unnecessarily broad, and that the overall impacts are poorly understood, if at all.
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Transmission Plans & Cost Allocation

- ▶ Again, state Consumer Advocates were active as the transmission planning process evolved over the past decade.
 - ▶ We are hopeful that interregional coordination and close sharing of plans and interconnection information between regions will improve reliability and lower costs as, we believe, FERC intended.
 - ▶ Implementation of Order 1000 continues to progress and we also hope here that important state objectives will be taken into consideration.
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Reliability Issues

- ▶ We are pleased that the unlooked-for contention between PJM and the IMM was successfully resolved. We are now confident that Market Monitoring will be objective and energetic.
 - ▶ We continue to believe that close scrutiny of market practices is important particularly with the aggressive consolidations that have occurred between major market players.
 - ▶ We recognize that there will need to be capacity additions in coming years, sometimes at high prices.
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Energy Markets

- ▶ That wholesale market prices have been stable is a great protection to consumers in restructured states.
 - ▶ We are watching closely as fuel mix continues to affect which resources will serve consumers in the long run.
 - ▶ We encourage PJM to continue providing substantial information about the direction and timing of this evolution.
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How We Participate

- ▶ CAPS representation
 - By its member offices, when necessary
 - Generally by its Executive Director
- ▶ CAPS will participate, seeking to ensure that the retail customer perspective informs important PJM decisions. That ensures that each member has the information they need to assess proposed rule and manual changes.
- ▶ Voting – CAPS does not vote as it is a non-governmental organization and not a PJM member.
- ▶ However, the CAPS Executive Director, when directed, will vote proxies for CAPS members and explain their perspectives.

Conclusion

- ▶ CAPS has been fortunate to have secured sufficient funding so that its members can be better informed, better coordinated in their participation at PJM, and thus better able to advance the interests of retail consumers.
 - ▶ We encourage Advocates across the country to consider our model and we are glad to offer our advice and lessons from our experience.
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