

ELCON REPORT

ELECTRICITY CONSUMERS RESOURCE COUNCIL

NUMBER THREE

2008

ELCON Urges EPA to Implement Broad Waste Heat Program

The Energy Independence and Security Act (EISA) of 2007 established a waste heat recovery program for manufacturing facilities. Under this program, the Department of Energy will eventually provide financial and non-financial incentives to manufacturing facilities that capture waste heat for use in generating electricity.

The first step under the law is for the

Environmental Protection Agency to promulgate a rule implementing the program and to develop a registry of facilities eligible to participate. Action on both fronts is anticipated before the end of the year.

Many ELCON members are interested in this program (though some are wary about the reporting requirements

Continued on page 7

States to Consider Smart Grid Improvements

The Energy Independence and Security Act (EISA) enacted last year requires all state public service commissions to begin consideration of two "Smart Grid" provisions by December 18.

EISA added two non-binding federal standards to the Public Utility Regulatory

Policies Act (PURPA). State commissions must consider those standards, but they do not have to adopt them.

Specifically, the first new standard in EISA requires each utility to demonstrate that it considered an investment in a qualified smart grid system before it can

Continued on page 7

ALSO IN THIS ISSUE...

Chair's column.....	2
Anderson: Review Greenhouse Costs....	2
ELCON Working on Cybersecurity.....	3
ELCON Meets with Candidates' Teams..	3
Major Energy Legislation Unlikely.....	3
Spring Workshop Highlights.....	4
Hydro-Quebec's Engineering Marvel.....	5
Greenhouse Cap Design Crucial.....	5
ELCON at FERC.....	6

ELCON Part of "NAPEE" Customer Focus Initiative

ELCON accepted an invitation to participate in an initiative by the National Action Plan on Energy Efficiency (NAPEE) to draft a paper providing a "customer focus" to the group's report, "Aligning Utility Incentives with Investment in Energy Efficiency."

The report, issued in November 2007 (and a similar one released in July 2006) addresses the alleged present disincentives that utilities encounter when seeking to institute energy efficiency programs

Continued on page 7

ELCON Fall Workshop On Low-Carbon Power

ELCON's Fall Workshop, scheduled October 21 in Arlington, Va., just outside of Washington, D.C., will be titled "Low-Carbon Electricity: Will the Technology Shift Be There?"

Confirmed speakers include FERC Commissioner Marc Spitzer, who has been a leader on the issue of trying to increase the use of non-carbon fuels into the electricity generation mix, and Peter Bradford, a former Commissioner of the U.S. Nuclear Regulatory Commission (and a former state commissioner in Maine and New York) who offers somewhat unique views on the history and future of nuclear energy. In addition, former FERC Chairman Jim Hoecker will discuss the infrastructure needs of electric utilities operating in a low-carbon arena. Other speakers will discuss the costs and benefits of climate legislation and the costs of achieving increased energy efficiency.

Continued on page 4

Much Skepticism In Climate Debate

Many of the legislative proposals to reduce greenhouse gas emissions (GHG) are based on assumptions not just flawed but totally unrealistic, Ron Binz, chairman of the Colorado Public Utilities Commission, told ELCON's Spring Workshop on Emerging Policy Solutions in the Electric Utility Industry.

Continued on page 4

No Silver Bullet for the Energy Crisis

It is becoming more common to read about factories in a wide range of industries closing across the country. Increasingly, these closures are attributed to high and unreliable energy costs. For industrial America, we are probably at the stage where the term energy crisis is no longer a warning. It is pretty close to an accurate description.

Some plants are closing because the price of natural gas, which can be used as a fuel or feedstock, is way above its historical averages. Other facilities are shutting down because electricity prices are increasing at unprecedented rates -- over 50 percent in some regions. And oil -- did I mention oil -- well everyone knows that the price for a barrel of oil just keeps going up. This means trouble for companies that use oil as a fuel and companies, like automakers, whose products require oil or an oil derivative.

To a large degree, this is a problem that is 1) global in nature, so U.S. actions can only have a partial affect, and 2) for which there is no short-term solution.

There is no silver bullet. What we need is silver buckshot. The long-term solution must be multifaceted. Those who say that all we need to do is drill for more oil and natural gas are no closer to the solution than those who say the solution is simply to conserve energy and be more energy efficient.

Most ELCON members share my belief that improving our energy situation is not an either/or proposition. Rather, it's a case of thinking about every possible means of finding more energy sources and, at the same time, using that energy most efficiently. Only by adopting this comprehensive approach can we even take a first step toward finding a solution.

That is why I take exception to those who look at today's energy crisis and respond with short-sighted, narrowly constructed answers.

My particular pet peeve is with those who think that energy efficiency is not just

By Dave
Lyons,
Chairman,
ELCON

a part of the solution but, in fact, the total answer. And I am especially piqued at those who insist that "revenue decoupling" is at the core of the energy-efficiency effort. They assert that we need to realign utilities' incentives and in so doing

"decouple" each utility's earnings from its volumetric sales. In other words, proponents of decoupling basically want to guarantee each utility its current earnings level even if total sales go down as a result of consumers' energy efficiency. Lower sales, same profits -- let me tell you, if my company could sell fewer cars and retain its level of earnings, we would support that in a New-York minute.

What advocates of decoupling leave out is the consumer. In a logical world, if a consumer, large or small, utilizes a more efficient process or product to reduce energy consumption, their cost should go down. But if the objective is to keep the utility's earning constant, even consumers who increase their energy efficiency (and decrease their consumption) could find their utility bills staying the same -- or even increasing. Call me cynical, but I think consumers need incentives, like reduced electricity bills. I don't believe that many consumers will reduce their consumption simply out of altruism-and certainly not to help utilities with their bottom line.

Let me state unequivocally that I support energy efficiency. My company, like every manufacturing company I know of, has made energy efficiency a major part of its operating procedures for years. We are constantly looking at new processes and new technologies to see if we can make even more progress in the energy-efficiency field. Every American manufacturer continuously evaluates and reevaluates its processes and operations to see if they can be made more efficient.

They do this for several reasons. First, more efficiency results in lower production costs. That makes the product more

Anderson Urges Thorough Review of Greenhouse Costs

ELCON President John Anderson urged policy makers at all levels to give proposals to cut greenhouse gas emissions a "thorough examination" because many proposals under consideration would be "very expensive and have a particularly large impact on basic industry."

Anderson made the remarks at the spring meeting of the Association of Businesses Advocating Tariff Equity, a Michigan industrial user group.

He emphasized that ELCON and its members are "not in the just say no crowd. Rather, we are in the crowd that says it's OK to say yes, but let's take a realistic look at what could happen."

Several recent studies cited by Anderson, including one by Charles River Associates, predict that enactment of the Lieberman-Warner bill, considered by the Senate in June (see related article), would result in 1.5-3.4 million fewer jobs by 2030. Another study done jointly by the National Association of Manufacturers and the American Council for Capital Formation estimated that legislation could result in electricity price increases of 101-129 percent by 2030.

Anderson scoffed at estimates that predicate greenhouse gas reductions on significant increases in nuclear energy. "Depending on the study, we will need somewhere between 44 and 268 new nuclear plants on-line by 2030 to satisfy the proposed emission levels. I support fuel diversity and nuclear power," he said, "but anyone who thinks this country will have 268 new nuclear plants by 2030 has been watching too much Fantasy Island."

The most important thing, Anderson said, is "how do we cap greenhouse gas emissions and, at the same time, not do irreparable harm to American households and industry?" E

Continued on page 7

ELCON Working on Cybersecurity Issues

ELCON is part of a "major stakeholder" group meeting with federal policy makers addressing the issue of what needs to be done to ensure that emergency procedures are in place to protect the interstate electricity grid in the event of a cybersecurity or national security threat.

The issue arose when FERC Chairman Joe Kelliher testified before a House Subcommittee that he believed FERC did not have adequate legislative authority to take emergency action should the transmission grid be threatened. FERC then invited a group of major stakeholders, including ELCON, to discuss the issue at the staff level.

Many believe that the North American Electric Reliability Corporation (NERC), which is charged with developing reliability standards for the grid, subject to FERC approval, cannot act quickly enough should there be a cybersecurity or national security threat. FERC would like to be given the authority to determine short-term procedures should such an emergency arise.

Although there have been no formal congressional hearings on the issue, several versions of draft legislation have been circulated. Crucial decisions, incorporated in the draft bills, are who will determine the emergency procedures (most stakeholders would prefer FERC over the Department of Homeland Security and/or NERC) and how long will the procedures remain in force.

ELCON has submitted informal comments to the House Committee on Energy and Commerce and the Senate Committee on Energy and Natural Resources. Those comments recommended that the FERC, which now has statutory responsibility for reliability of the bulk power system, "be designated at the single agency charged with these tasks. "ELCON also recommended a "triggering mechanism that is clear, unambiguous, and requiring as little consultation as necessary." Specifically, ELCON called for a "written communication from the President (or, alternatively, the Director of National Security)" directing FERC to take action. Finally, ELCON recommended that any emergency proce-

dures "be utilized only for as long as the emergency exists or until FERC approves alternative standards developed by NERC."

The energy committees in both houses are interested in this issue and legislation could be considered in the fall. **E**

ELCON Meets With Candidates' Advisors

ELCON has met with the staffs of both presidential nominees John McCain and Barack Obama and discussed the flaws that industrial customers face in the Organized Markets.

"We brought large and small consumers together, and we said the same thing -- the Organized Markets simply lack any customer focus and, accordingly, are providing virtually no consumer benefits," said ELCON's Vice President for Government and Public Affairs, Marc Yacker. "I don't expect this to be a major campaign issue, but consumer unrest is growing, and high prices in all of the energy markets are an issue the candidates will eventually have to address." **E**

Major Energy Legislation Considered Unlikely

Driven by record high oil prices and growing concern about greenhouse gas emissions, both houses of Congress tried to address energy issues in the spring and summer, but no action was taken. Given the political nature likely to predominate in the fall session, no significant major energy legislation is considered likely.

In June, the Senate considered the Lieberman-Warner bill to limit greenhouse gas emissions, but ended up in a parliamentary bog that kept it from voting on the bill or any amendments. Fifty-three Senators voted for cloture (60 votes were necessary to clear the way for a final vote). At the same time ten Democratic Senators released a letter to Environment and Public Works Committee Chairman Barbara Boxer (D-CA) stating that they would not have voted for final passage,

primarily because of concerns about the impact on employment. Most observers agree that the issue is not yet ripe for consideration by the full Senate and it is difficult to determine the eventual outcome.

The Senate also attempted to consider a bill that would have regulated more severely futures markets for crude oil, but,

**Most observers agree
that the issue is not
yet ripe for consideration
by the full Senate and it
is difficult to determine
the eventual outcome.**

again, parliamentary problems, some of them unrelated to the energy bill, kept the measure from being considered.

The House attempted to consider several bills on energy issues, including one that would have required all companies owning leases to explore federal lands either to drill for oil or give up the lease before acquiring any new leases. The House Democratic leadership brought the measure to the floor under a procedure that required a two-thirds vote and prohibited amendments. The intent was clearly not actually to pass the legislation but to demonstrate that Republican members were opposed to it, thus providing a campaign issue for the fall elections.

After Congress adjourned for its August recess, several House Republicans symbolically remained on the floor, proclaiming nearly daily the Democrats' failure to address energy and calling on the Democratic leadership to schedule votes

Continued on page 7

ELCON Spring Workshop, Nashville, TN

Decoupling Not Only Way to Achieve Energy Efficiency, Workshop Told

Although many have concluded that the recently released report of the National Action Plan on Energy Efficiency (NAPEE) endorsed Revenue Decoupling, no "mandate" exists, according to Larry Mansueti from the U.S. Department of Energy and senior staffer to the NAPEE. The report "does not recommend any particular method" to achieve energy efficiency, and NAPEE participants recognize "not one size fits all," he said. (NAPEE will soon produce a paper on this issue from the customer perspective. See related article).

Speaking at ELCON's Spring Workshop in Nashville, Mansueti recognized the strong opposition to Decoupling by ELCON and other large and small consumer groups and he offered that achieving energy efficiency through utility programs was not

the only option. He suggested that other "third-party options" such as state programs should be explored. He cited the performance incentive programs undertaken in California, Nevada and Texas as examples of potential alternative approaches.

Barbara Barkovich, representing the California Large Energy Consumer Association, described how utilities and environmentalists combined in California ("a set of vested interests at work," she offered) to let utilities benefit from energy efficiency efforts by established minimum



Workshop participants (l-r) Eric Hausman, Robert Smith, Ron Binz, Barbara Barkovich, Chris James and Larry Mansueti.

performance standards (MPS). If utilities meet the MPS, they share in the benefits.

However, California also established a Risk/Reward Mechanism, which imposes penalties for poor performance as well as rewards for improved service, and it is used in lieu of Decoupling. "Decoupling merely eliminates a financial penalty for pursuing energy efficiency - it does not make it the preferred resource from a shareholder, investment, community or utility management perspective," Barkovich stated.

Ron Binz, chairman of the Colorado Public Utilities Commission, named energy efficiency as one of his prime policy objectives, but he said he opposed decoupling as costly and anti-consumer, and therefore not good policy. E

Fall Workshop

From Page 1

"For many manufacturers, the greenhouse gas issue is all encompassing," said ELCON President John Anderson. "But, as our members have learned at previous workshops, the various options available to policy makers will produce different sets of winners and losers. Also, of paramount importance, any particular policy option that is chosen must be doable through technology that is either now available or will be available in the very near future. Looking at such technology issues will be the focus of our Fall workshop in Washington."

The low-carbon workshop will begin with the annual roundtable discussion of recent developments in state and regional markets.

Anderson noted, "Representatives from many of the state industrial user groups will be present, and their insights into local events always help attendees get a broader perspective."

The full-day workshop is open to ELCON members and to other manufacturers who are seriously considering ELCON membership. For additional information contact ELCON (202-682-1390 or elcon@elcon.org). E

Climate Debate

From Page 1

"Don't believe everything that you think," Binz said in the keynote address.

For example, he said the Lieberman-Warner bill considered by the Senate in June "assumes significant new nuclear plants," which, Binz believes, "will never be built." Similarly, he said, the analysis of climate change legislation done by the Environmental Protection Administration is based not just on nuclear growth, but on the "efficacy" of carbon capture and storage, a technology that at present is far from available. He also questioned those who based their estimated reductions of GHG emissions on the stability of natural gas prices.

"I don't know how they can make those assumptions with a straight face," he offered. "The person on the street doesn't know what's coming."

Similar views were voiced by Barbara Barkovich, who represents the California Large Energy Consumers Association (CLECA).

She observed that even though California now has among the highest prices for electricity, regulators and policy makers are proposing to fund new efficiency programs through increased rates.

"Utility ratepayers are the ultimate deep pockets," she asserted.

Binz acknowledged that there are no simple solutions but he urged a realistic approach, noting that "this is no time for small ideas." E

Hydro-Quebec's James Bay Operation An "Engineering Marvel"

By John Anderson

As an admitted electricity junkie, I look forward to any trip to a major generating facility as an enjoyable as well as an educational experience. My late July trip to Hydro Quebec's La Grande Complex at James

Bay in northern Quebec was among the best I ever had in both respects.

I was fortunate, as a member of NERC's Member Representatives Committee, to get invited to tour the facility along with other committee members

(including ELCON member Irv Kowenski of Occidental), several members of NERC's Board of Trustees and others attending NERC's meeting in Montreal.

Impressive does not begin to describe this complex. The Robert-Bourassa generating facility alone (see photo) has a capacity of 5,616 MW, and the entire complex can generate a total of 16,528 MW. There are in fact eight generating stations and 65 generating units with about 350 dams and dikes. Eight hundred employees work around the clock to ensure its safe operation and continued reliability. La Grande Complex took 25 years to complete. It is clearly an engineering marvel. From a personal perspective, I learned a lot -- and I had a great time. E



ELCON President John Anderson (4th from left) and ELCON member Irv Kowenski (7th from left) stand in front of the Robert-Bourassa spill way, which is carved out of solid rock and is designed to slow any excess water from the generating facility during severe floods.

Design of Cap-and-Trade Greenhouse Controls Crucial to Their Impact

The design of a cap-and-trade plan to reduce greenhouse gases (GHG) is crucial, and several speakers at ELCON's Spring Workshop offered their views on preferred approaches.

Tracey Davis of the Center for Clean Air Policy had a unique and succinct perspective, stating the objectives should be (1) to ensure that U.S. companies are not at a competitive disadvantage and (2) to encourage significant reductions in developing countries.

The big question, she said, is how do we "level the playing field for carbon internationally?" But Chris James of Synapse Energy, a Cambridge, MA, consulting firm, had a different take on the basic issue.

"Can you make cap and trade 'sweet' enough," he asked, "and still be effective in cutting emissions?"

His colleague at Synapse, Ezra Hausman, pointed out that how a cap-and-trade model was constructed and the retail electricity market operating in each state (i.e., whether it was regulated or deregulated) would determine the winners and losers. In regulated states, he said, the impact on consumers would be very low, but in deregulated states the winners and losers would vary by fuel source.

"Existing amortized nuclear sources make out best," he said.

Ron Binz, the chairman of the Colorado Public Utilities Commission, offered a different paradigm. He said that the four challenges to keep in mind in addressing energy policy were energy supply, energy efficiency, consumer prices, and climate change. He stressed his support for renewable energy and for

advanced technologies such as carbon sequestration, but, he stated, "there is nothing more important than being more efficient."

Bob Smith, a renewable energy analyst at the Energy Information Administration of the Department of Energy, described the work his agency had done comparing the effectiveness of cap-and-trade approach vis-a-vis a renewable portfolio standard. He stated that "while renewable technologies play a role in reducing carbon emissions, other technologies play important roles as well," concluding that "cap and trade is more effective at reducing carbon than are RPS programs."

Ezra Hausman also noted that "consumers pay regardless," but he offered some advice for large industrial users as they encounter new emission limits. "Reduce demand or build your own zero-carbon resources, which ever is cheaper," he suggested. E

ELCON Activities Before The Federal Energy Regulatory Commission

ELCON Members Advocate Demand Response

Two ELCON members participated in FERC's May 21 technical conference on Demand Response and explained how industrial consumers are already bringing benefits to the grid through Demand Response, and how those benefits could be increased.

Larry Stalica of the Linde Group said that Linde had a long history of providing Demand Response that predated the establishment of RTOs or wholesale or retail competition. In response to the creation of various RTOs, Linde established its own Load Serving Entity to enable the company to directly participate in wholesale markets. According to Stalica, Linde participates in Demand Response programs because of "economic necessity."

Stalica explained that when a manufacturer curtails during a high-priced, peak-demand period, it must make up the lost production in another time period. Thus, the manufacturer bears the risk that the difference in price between the two periods justifies the cost of curtailment. Therefore, he said, Demand Response needs to be appropriately compensated because the mere avoidance of high electricity prices does not provide sufficient value to offset the real costs incurred during a curtailment.

DeWayne Todd of Alcoa also participated at the FERC conference. He testified that although the Alcoa Warrick facility in Indiana purchases only 10 percent of its power off the MISO grid, it engages in more than 1,800 transactions per year in response to market conditions. Despite Alcoa's willingness to shed load, it still faces several barriers given the MISO market structure. Most notable is the MISO requirement that the Warrick mill be modeled as "multiple

nodes" when, in reality, it is clearly a single node, according to Todd. He added that there is a significant staffing burden to participate in MISO's Demand Response program.

PJM Capacity Market Fails to Produce

ELCON has joined other industrial buyers in the PJM wholesale market in urging FERC to reject the capacity prices set in PJM under its Reliability Pricing Model (RPM).

"What we need is more generation, not another capacity market," said ELCON President John Anderson. "I hope that FERC and the managers of today's organized markets soon realize that the only thing these so-called markets accomplish is taking more money from consumers. Today's organized markets simply perpetuate a situation of planned scarcity -- they, in fact, limit generation to purposely keep prices high -- all to the detriment of consumers," he continued.

ELCON's comments emphasized that when FERC first approved the RPM in PJM, FERC justified it because of its "experimental nature." Anderson responded to that claim by asserting that "PJM first sought a capacity 'market' several years ago. Their RPM experiment has clearly failed. Little or no new capacity has been offered into the transition auctions. PJM clearly cannot justify continuing the RPM program on its record, and to continue the program as 'an experiment' would require amending the dictionary."

Anderson explained that "today's markets have numerous problems, and those problems are not self-correcting.

We have seen prices go up, and we have seen utility profits go up. But we have not seen sufficient new generation go up -- and that's what this so-called market is supposed to accomplish." He added that, "Through a policy of planned scarcity, there has been no discernible increase in benefits to customers. FERC has frequently proclaimed that is a consumer protection agency -- well now is the time to step and actively play that role."

ELCON Joins Fair Rate Campaign

ELCON has joined the Campaign for Fair Electric Rates, a grassroots advocacy effort led by the American Public Power Association and focusing on educating consumers focused on educating consumers and businesses, as well as Members of Congress and other policymakers, on the failure of the wholesale electricity markets.

The Campaign is supported by consumer and public interest groups as well as several state industrial user groups. The ultimate objective is for the Federal Energy Regulatory Commission to reexamine and fix the wholesale market structure which has created record profits for many generators and increased prices for large and small consumers.

The Campaign follows the filing made by 41 consumer and public interest groups, including ELCON, last December asking FERC to exercise its authority under the Federal Power Act to investigate the RTOs and ISOs in the "organized markets" to ensure that rates are just and reasonable as required by statute. FERC denied that request in March of this year.

Marc Yacker, ELCON's vice president

Waste Heat

From Page 1

and protecting confidential business information) and ELCON has met with the senior EPA staff handling the issue on multiple occasions.

Although there is no formal docket, EPA urged ELCON and others to file comments on the issue. ELCON did so in July. The comments emphasized that inclusion in the registry should be voluntary. As ELCON stated, "If a company has determined that a particular facility will not be applying for the benefits avail-

able under this Subtitle, it follows there is no reason to be included on the registry. In fact, voluntary registration will not only save the facility time and money, it will save EPA time and money since there will be less data to compile and analyze." ELCON also pointed out that, by keeping the program voluntary, the issue of protecting confidential information is mitigated, since companies that did not wish to divulge specific information would be able to opt out.

ELCON further recommended allowing both new and existing facilities to be eligible. Noting that there is some ambi-

guity in the statute, ELCON stated that "applying the regulation to new facilities will encourage new development, and applying them to existing facilities will encourage operation and efficiency modifications."

ELCON also urged EPA to include facilities that use a wide variety of manufacturing processes to be included on the registry, including both "topping" and "bottoming" processes in combined heat and power operations, as well as all other processes that capture industrial gases or emissions that can be reused to generate power. **E**

Smart Grid

From Page 1

request approval to invest in nonadvanced grid technologies. The second standard directs utilities to provide purchasers with direct access to appropriate information regarding their electricity bill including prices, usage, projections and sources of generation on no less than a daily basis.

EISA requires each State Commission to begin consideration of these standards or set a hearing date for consideration by December 18. A final determination must be made one year later. States that have recently considered the issue are exempt for those requirements.

ELCON President John Anderson explained that "Our concern is that utilities will use these required hearings to

argue before State Commission that the Smart Grid investments are necessary regardless of their cost - and that those costs will then be borne by consumers. Estimates are all over the lot - I heard one utility spokesman cite over \$1 trillion for infrastructure improvements. Smart Grid can provide a lot of improvements such as automated metering, improved outage detection and restoration, and reduced reliance on inefficient peaking generators. But other investments could well be gold plating. We must be sure that State Commissions analyze the cost effectiveness of what utilities call Smart Grid investments very carefully."

ELCON's Technical Committee will be discussing this issue in detail at several upcoming meetings. **E**

Chairman's Column

From Page 2

competitive in domestic and international markets, thus increasing sales and, hopefully, profits. And, second, America's manufacturers know that our energy resources, while in some places still untapped, are nevertheless limited. We should not be unnecessarily using resources today that we will still need tomorrow. The fact is we all strive to obtain the perfect business model -- one where there is no waste.

What we need is a holistic approach. We cannot solve today's energy crisis only by increasing our supply, and we certainly cannot solve it by relying solely on energy efficiency (including its evil first cousin, revenue decoupling).

So let's tone down the rhetoric and step up the real work. Let's look at where can we find new energy sources and how can we work together to use less energy now. Otherwise, we will only see more factories closing -- and I don't believe that is how we want to reduce our energy consumption.

Dave Lyons is Manager, Energy Planning, Chrysler

Another energy issue that could come before Congress in the fall is how to address cyber security or national security threats to the interstate electricity grid. FERC Chairman Joe Kelliher has testified that he does not believe that FERC has the statutory authority and has asked Congress to pass appropriate legislation. ELCON is working with other major stakeholders in this effort (see related story). **E**

NAPEE Initiative

Page 1

because such programs would arguably reduce sales and therefore profits.

ELCON and other consumer groups are concerned that energy efficiency programs administered by utilities would seek to maintain present levels of utility earnings at the expense of consumers' bills. They are particularly concerned about direct and indirect references in both reports to Revenue Decoupling, a concept which separates each utility's volumetric sales from its earnings and which large and small consumers oppose. The draft paper is expected out by year end. **E**

Energy Legislation

From Page 3

on increasing energy supply, particularly through off-shore drilling.

There were efforts in both houses to extend a number of tax credits for renewable energy, due to expire at the end of the year. However, there was no agreement on whether a corresponding revenue increase was needed for extending the tax credits (a concept called "pay-go," which is favored by moderate House Democrats) and, if so, how that revenue might be financed. In the past, the expiring credits for renewable energy have been extended only shortly before Congress adjourned for the year or even in the following year and then extended retroactively.

*Learn more
about
ELCON
and our
activities
at our
web site,
www.elcon.org*

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 policies 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. • BP • Chevron • Chrysler • Corning, Inc. • 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 • Linde Group • Monsanto Co. • Occidental Chemical • Praxair • Procter & Gamble • Shell Oil Products • Solutia, Inc. • Tate & Lyle • The Timken Company
- FOR MORE INFORMATION CONTACT: ELCON, 1333 H Street, NW, West Tower, 8th Floor, Washington, DC 20005, 202/682-1390, fax: 202/289-6370. E-mail: ELCON@ELCON.ORG or on the Internet: WWW.ELCON.ORG

The Electricity Consumers Resource Council

The West Tower
1333 H Street, NW, 8th Floor
Washington, DC 20005

PRE-SORTED RATE
US POSTAGE PAID
WASHINGTON, D.C.
PERMIT NO. 5725