

STATEMENT OF PJM CONSUMER ADVOCATES

Consumer advocate offices play a unique role in state and federal regulation because they are designated by the laws of their respective jurisdictions to represent the interests of retail utility customers.

Generation and Transmission costs make up more than 70% of a small retail customer's electricity bill in most of the PJM region.

For most retail customers in PJM, particularly those in the restructured states, retail rates are tightly linked to the wholesale prices set by PJM energy and capacity markets. Even in traditionally regulated states, retail customers are directly impacted by the prices their local utility pays or receives for wholesale purchase power transactions, as well as by capacity requirements.

The market rules and policies that are vetted through the PJM stakeholder process affect those wholesale prices for energy and capacity and, thus, have a direct effect on retail customers' bills.

PJM rules on demand response and energy efficiency have a direct effect on retail customers' opportunities to participate in those types of programs.

The PJM is now a primary transmission planner. Retail customers ultimately pay the bills for new transmission construction.

There are over 300 stakeholder meetings per year and about three dozen committees, subcommittees, work groups, taskforces, etc. in the PJM stakeholder process.

Consumer advocates still have the responsibility of representing customers in state commission proceedings and now have the additional challenge of participating in the PJM stakeholder process as well as increasing amounts of FERC litigation.

Recommendations

Additional funding resources for the consumer advocate offices in the region in a manner that does not create a conflict of interest or create the appearance of a conflict of interest with respect to the receipt of such funding support from PJM or any other utility.

A dedicated source of funding through the PJM tariff would avoid the appearance of impropriety or a conflict of interest.

Additional funding resources would allow the advocates to more consistently participate throughout the stakeholder process and provide PJM and the other stakeholders an efficient, ongoing point of contact with the advocate offices.

The PJM consumer advocates appreciate measures such as phone and web participation in meetings, more transparency in the process, and additional access to PJM personnel and the board. However, those measures are not adequate substitutes for personnel dedicated to the process and participating in person. If PJM consumer advocates were to be afforded an adequate funding source to offset the cost of actively participating in the PJM stakeholder process, this could ameliorate the current situation and in some measure ensure that the interests of retail customers are adequately represented.

Specifically, consumer advocates seek an arrangement parallel to that of state commissions in PJM and Midwest ISO that would provide for reimbursement of travel expenses and assistance from dedicated professional staff who could monitor PJM developments and assist consumer advocates in timely addressing PJM issues that affect retail customers.