

March 24, 2010

The Honorable Edward J. Markey  
Chair  
Energy and Environment Subcommittee  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Fred Upton  
Ranking Member  
Energy and Environment Subcommittee  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Markey and Ranking Member Upton:

We are writing to urge you to hold an oversight hearing to examine wholesale electricity markets operated by Regional Transmission Organizations (RTOs) — or Independent System Operators (ISOs) — and overseen by the Federal Energy Regulatory Commission (FERC).<sup>1</sup> We recommend that such a hearing include expert witnesses and address the question of whether and to what extent consumers have benefitted or been harmed by these markets.

As representatives of load serving entities and consumers, we have witnessed first-hand the many problems resulting from the RTO-operated centralized wholesale electricity markets. Numerous investigative studies have raised questions about whether these markets are producing rates that meet the Federal Power Act's "just and reasonable" standard and the infrastructure required to meet future clean energy and reliability needs. Exacerbating these difficulties are limitations on data availability. As the U.S. Government Accountability Office has found: "FERC has not conducted an empirical analysis to measure whether RTOs have achieved these expected benefits or how RTOs or restructuring efforts more generally have affected consumer electricity prices, costs of production, or infrastructure investment."

In recent years, numerous consumer, business, and public interest organizations have asked FERC to undertake a comprehensive investigation of these markets. To date, however, FERC has not done so. We are therefore turning to Congress to ask for oversight hearings that will pave the way to a thorough investigation of these centralized wholesale electricity markets and the implementation of reforms that will benefit consumers and the nation's economy.

Sincerely,

American Forest & Paper Association

American Municipal Power

American Public Power Association

Blue Ridge Power Agency

Citizen Power

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<sup>1</sup> The RTOs under FERC jurisdiction are the California ISO, ISO New England, New York ISO, Midwest Independent System Operator (MISO), PJM Interconnection, and the Southwest Power Pool.

Chairman Markey and Ranking Member Upton

Page 2

March 24, 2010

Citizens Coalition (Northern Ohio)

Coalition of Midwest Transmission Customers

Connecticut Office of Consumer Counsel

Electricity Consumers Resource Council (ELCON)

Illinois Citizens Utility Board (CUB)

Industrial Energy Consumers of Pennsylvania

Maryland Office of People's Counsel

National Consumer Law Center, on behalf of our low income clients

NEPOOL Industrial Customer Coalition

New York Association of Public Power

Ohio Municipal Electric Association

Pennsylvania Electric "E" Project

PJM Industrial Customer Coalition

Public Citizen

Public Power Association of New Jersey

Public Utility Law Project of New York, Inc. (PULP)

cc:

The Honorable Henry A. Waxman, Chair, Energy and Commerce Committee

The Honorable Joe Barton, Ranking Member, Energy and Commerce Committee

Members of the Energy and Environment Subcommittee, Energy and Commerce Committee