



Public Service Commission of Wisconsin

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For Immediate Release – June 29, 2006

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PSC to Feds: Energy Competition Report Should Look at Benefits for Consumers

MADISON – Today the Public Service Commission of Wisconsin (PSC) approved comments to the Federal Energy Regulatory Commission (FERC) on the Energy Market Competition Task Force Report, saying it didn't go far enough. The Commission recommended the report look at the benefits and safeguards in place for ratepayers as the nation moves to regional wholesale energy markets.

Wisconsin utilities have participated in a regional wholesale market through the Midwest Independent Transmission System Operator (MISO) since April 2005. "Even before the new regional wholesale market started, Wisconsin has asked the tough questions about the benefits and safeguards for Wisconsin ratepayers," PSC Chairperson Daniel Ebert said.

"The final Task Force report should provide Congress with a clear picture of the benefits and drawbacks of today's organized wholesale electricity markets for ratepayers in regional markets and the protections against anti-competitive market behavior. As the draft report points out, it is often very difficult to identify market power abuse in electricity markets," Chairperson Ebert said.

In the comments, the PSC called for the final report to analyze the costs and benefits of improved market monitoring and the collection, analysis and regular reporting on wholesale electric markets, like the MISO market. "We need to make sure that ratepayers see the benefits from participating in the regional markets," Ebert said. "Until the data clearly shows a ratepayer benefit, the jury is still out on the success of competition and regional wholesale markets."

The Commission also recommended the report include analysis of increased costs of financing for major energy projects in retail choice states and the innovative policies implemented in non-retail choice states, including Wisconsin.

For example, both Wisconsin and Iowa have adopted statutes that allow new financing mechanisms for the construction of new energy infrastructure. In addition to rate base financing, the states allow for a lease generation arrangement and an alternative form of rate-base financing where the terms and conditions are set for the life of the project.

“The ultimate test of any market is the benefits for the customers,” Chairperson Ebert explained. “To truly analyze competition in regional wholesale energy markets, the report must include an analysis of the benefits and drawbacks to ratepayers. That’s a standard that we will continue to fight for as we participate in the regional MISO markets.”

The Energy Policy Act of 2005 required the Task Force study on competition in wholesale and retail electric energy markets. FERC, as a member of the Task Force, solicited comments on the draft report before preparing a final report for Congress.

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