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EPSA and P3 Comment on PUCO's Decision to Take Ohio Back in Time

WASHINGTON, DC and KING OF PRUSSIA, PA - In response to the announcement today that the Public Utilities Commission of Ohio (PUCO) approved Purchase Power Agreements (PPAs) for FirstEnergy and AEP, the PJM Power Providers Group (P3) and the Electric Power Supply Association (EPSA) released the following statements attributable to their presidents:

“With today’s order, the PUCO punishes those that seek to bring innovation, competition and efficiency to the market. Rather than transitioning to the grid of the future, the PUCO has locked the consumers of Ohio into one of the largest handouts in the history of public utility regulation. There is no balance to the order and it is not complex – it is a clear give away to two special interest groups – the shareholders and executives of FirstEnergy and the shareholders and executives of AEP. In doing so, the PUCO effectively ignored the cries of tens of thousands of Ohio consumers and job producers. Given the Commission decision, Governor Kasich and the General Assembly must stand tall and fight for Ohio’s energy future,” said Glen Thomas, President, PJM Power Providers Group.

“Today’s decision by the PUC of Ohio impermissibly attempts to regulate wholesale power markets and contracts between affiliates that are within the jurisdiction of the Federal Energy Regulatory Commission. There is no disputing the overwhelming evidence in the PUCO dockets that the abusive contracts approved today will unnecessarily raise rates for consumers, shift risks from utility shareholders to consumers, and distort the multi-state wholesale market on which tens of millions of customers depend for their electricity. Today’s decision makes it all the more imperative that FERC act swiftly and favorably on the complaints EPSA and others filed earlier this year, with support from a diverse coalition of consumers, suppliers, environmental groups, and independent market entities, to remove the outdated waivers that shield the PPAs approved today from full FERC review as the law requires,” said John E. Shelk, President & CEO, Electric Power Supply Association.

P3 and EPSA submitted extensive testimony in this case in which Dr. Joseph P. Kalt, Ford Foundation Professor (Emeritus) of International Political Economy at the John F. Kennedy School of Government, Harvard University, found the FirstEnergy Proposal to be deeply flawed. As Dr. Kalt concluded, “In particular, the long history of cost-of-service regulation teaches that insulating plant operators from risk of loss increases the taking of such risks and generates more loss generating investments and operations. In this case, ratepayers would bear such consequences. The change in incentive structures that would be created by the proposed ESP would distort the wholesale interstate power and capacity markets by keeping otherwise high-cost, inefficient operations competitive, thereby driving out efficient market participants. This would redound to the detriment of the economy and, ultimately, consumers.” To view Dr. Kalt’s full statement: <http://www.p3powergroup.com/siteFiles/News/441E423788F06E90BED87296F0F1CAA9.pdf>

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P3 is a non-profit organization that supports the development of properly designed and well-functioning markets in the PJM region. Combined, P3 members own over 84,000 MWs of generation assets, produce enough power to supply over 20 million homes and employ over 40,000 people in the PJM region covering 13 states and the District of Columbia. The views expressed in this press release represent the views of P3 as an organization and not necessarily the views of any individual P3 member.

EPSA is the national trade association representing competitive power suppliers, including generators and marketers. Competitive suppliers, who account for nearly 40 percent of the installed generating capacity in the United States, provide reliable and competitively priced electricity from environmentally responsible facilities. EPSA seeks to bring the benefits of competition to all power customers.