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CONTACT: John Shelk
(202) 628-8200

EPSA REACTS TO ILL-ADVISED DOE PROPOSAL TO FERC

EPSA Welcomes DOE Support for Price Formation Reform, but Repeats Call for Fuel Neutral Policies Consistent with Competition

WASHINGTON, DC – EPSA President and CEO John E. Shelk released the following statement in response to today's filing by the Secretary of Energy with the Federal Energy Regulatory Commission on electricity market pricing:

"EPSA is still reviewing the DOE proposal with its members and will comment in more detail at a later date. At first glance, while EPSA appreciates DOE's focus on energy price formation reform that EPSA has been the leader on for years, EPSA is equally concerned that the DOE proposal is ill-advised in key respects. The notable silver lining is that while the DOE proposal is pending at FERC, states need not act to subsidize coal and nuclear units as some uneconomic resources have been seeking."

"EPSA's specific concern is with the DOE proposal's arbitrary and unsupported federal mandate to pay a regulated cost of service rate only to power plants with 90 days fuel on site at great expense to consumers and competition. It is not even clear that many coal plants would qualify. The DOE proposal is inconsistent with the fuel neutral approach in the DOE grid study that EPSA and 13 other trade groups supported in a letter to Congress just a few weeks ago. If FERC is going to essentially re-regulate wholesale markets with cost-based regulation for some, it will have to do so for all resources or none if it wants to keep the lights on reliably and affordably."

"While no one has been more emphatic than EPSA about FERC acting on energy price formation reforms, FERC has a statutory obligation not to rush to judgment on the DOE proposal which lacks the detail to guide specific market reforms, and has not been the subject of public scrutiny at FERC to date. This requires sufficient time for full public debate including a much longer public comment and review period than DOE has proposed. Failure to do so simply invites multiple legal challenges down the road. EPSA urges FERC to move forward with the fuel neutral approach to energy and capacity market price reforms that EPSA and others have sought for years."

-EPSA-

Celebrating its 20th anniversary in 2017, EPSA is the national trade association representing leading independent power producers and marketers. EPSA members provide reliable and competitively priced electricity from environmentally responsible facilities using a diverse mix of fuels and technologies. Power supplied on a competitive basis collectively accounts for 40 percent of the U.S. installed generating capacity. EPSA seeks to bring the benefits of competition to all power customers.