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## **New Coalition Formed to Advocate a Competitive Approach to Transmission**

McLean, VA, February 14, 2002 –A group of the nation's leading electricity companies today publicly announced the formation of a new coalition, the Council for Competitive Transmission. The Coalition was formed to support an improved U.S. transmission industry market structure based on competition rather than centralization. Founding members of the Council's initial group, including American Superconductor, PSE&G and TransEnergie U.S. Ltd., are among the largest and most successful companies in the U.S. electric power industry today.

Specifically, Council members will advocate the use of market-driven solutions to improve and expand the nation's transmission system. The Council is being formed to create a major voice for the support of market-driven solutions and transmission expansion in national and relevant state public policy forums. "Council members support a power market structure where 'competitive transmission' solutions foster efficiency improvements," said Council Executive Director, Jim Schretter. Under this scenario, regulatory oversight remains, but private enterprise can propose and own new transmission lines on a competitive basis, which will improve the efficiency of U.S. power system and lower costs for consumers.

Ultimately, solutions to high consumer costs and transmission congestion can include not only new transmission investment, but also encompass other viable alternatives such as distributed generation and demand response. "The key is to have a market structure that has the right framework and the proper economic signals to let market participants pursue alternative solutions on an equal basis," indicated Mr. Schretter. The Council is presenting its views before the Federal Energy Regulatory Commission (FERC) and national audiences in order to encourage new transmission investment.

The Council will advocate a level playing field for transmission investment before regulatory and legislative groups. The Council's members believe Regional Transmission Organizations (RTOs) or similar entities should administer regional transmission systems and coordinate transmission planning, but should not themselves be transmission owners. Coalition members envision a U.S. transmission system enabling market participants to compete equally in offering different solutions to increase transmission capacity, relieve transmission bottlenecks, and maintain system reliability. Transmission companies could

contract bilaterally for customers of new transmission lines or be eligible for incentive-based rate making in a fully regulated environment.

During the next few months, structural decisions made by FERC and the U.S. Congress will likely shape the U.S. electric power and transmission sector for the next 10 years. This is increasingly important as transmission congestion and constraints are priced through markets. Transmission owners are poised to respond to prices and reliability concerns for U.S. customers and industry. According to various government and industry documents, transmission-related investments have grossly fallen behind the need.

At this juncture, Council members see several issues that need to be addressed in the near-term to provide the necessary market structure to facilitate competitive transmission. These include clear price signals, such as locational market pricing, and clear definition of transmission property rights, such as tradable, long-term financial transmission rights, to serve as suitable investment recovery mechanisms to ensure adequate transmission investment. If there is inadequate market response, particularly for reliability requirements, Council members envision a competitive transmission solicitation process administered by the RTO.

Founding members are major electricity companies that have pioneered private enterprise energy solutions. These firms want their message for a competitive and efficient transmission system heard and acted upon during this watershed period. TransÉnergie U.S. Ltd and PSE&G recently testified before FERC and spoke for competitive transmission solutions within a reliable and regulated U.S. transmission envelope.

Beacon Energy, a leading edge energy consulting firm, is serving as a coordinator for the coalition. Currently another dozen companies are considering joining the organization, with Founding membership status available through March 1, 2002. Companies interested in obtaining information about the Council, including potential membership, should contact Jim Schretter or Jamie Webster at Beacon Energy, LLC by phone at 703-905-8110 or via e-mail at [Jwebster@BeaconEnergy.com](mailto:Jwebster@BeaconEnergy.com).