

VILLAGE PRESIDENT
Ray Danford

VILLAGE CLERK
Jerry Menard

VILLAGE TRUSTEES
Rita Baker
Seth Speiser
Charlie Mattern
Ray Matchett, Jr.
Steve Smith
Mike Blaies

VILLAGE OF FREEBURG

FREEBURG MUNICIPAL CENTER
14 SOUTHGATE CENTER, FREEBURG, IL 62243
PHONE: (618) 539-5545 • FAX: (618) 539-5590
Web Site: www.freeburg.com

VILLAGE ADMINISTRATOR
Dennis Herzing

VILLAGE TREASURER
Bryan A. Vogel

PUBLIC WORKS DIRECTOR
Ronald Dintelmann

POLICE CHIEF
Melvin E. Woodruff, Jr.

VILLAGE ATTORNEY
Weilmuenster Law Group, P.C

June 17, 2011

NOTICE MEETING OF THE ELECTRIC COMMITTEE (Blaies/Smith/Matchett)

An Electric Committee Meeting of the Village of Freeburg will be held at the Municipal Center, Executive Board Room, **Monday, June 20, 2011, at 6:00 p.m.**

ELECTRIC COMMITTEE MEETING AGENDA

I. Items To Be Discussed

A. Old Business

1. Approval of May 11, 2011 minutes
2. Switchover of Ameren to Freeburg power
3. Village of Freeburg utility needs analysis
4. Replacement of old power plant doors
5. Franchise Fee (Ameren)
6. Highway lighting
7. HAPS
8. Contaminated Fuel in Generators
9. Fuel Cost Adjustment
10. Ameren Automated Metering
11. Arc Flash Study
12. Sale of scrap material/surplus material
13. Unisom purchase of cell tower
14. Spill containment/Wiegmann's expansion
15. Chubb Insurance Inspection
16. Kentucky Data Link Request
17. HD Supply Safety Audit
18. URGE Testing
19. IMEA Rate Revision to Schedule B

B. New Business

1. Request for Streetlight
2. APPA Request for Donation

C. General Concerns

D. Public Participation

E. Adjourn

At said Electric Committee Meeting, the Village Trustees may vote on whether or not to hold an Executive Session to discuss the selection of a person to fill a public office [5 ILCS, 120/2 - (c) (3)], litigation [5 ILCS, 120/2 - (c)(11)] personnel [5 ILCS, 120/2 - (c) (1) a.]; or real estate transactions [5 ILCS, 120/2 - (c)(5)].

VILLAGE PRESIDENT
Ray Danford

VILLAGE CLERK
Jerry Menard

VILLAGE TRUSTEES
Rita Baker
Seth Speiser
Charlie Mattern
Ray Matchett, Jr.
Steve Smith
Mike Blaies

VILLAGE OF FREEBURG

FREEBURG MUNICIPAL CENTER
14 SOUTHGATE CENTER, FREEBURG, IL 62243
PHONE: (618) 539-5545 • FAX: (618) 539-5590
Web Site: www.freeburg.com

VILLAGE ADMINISTRATOR
Dennis Herzing

VILLAGE TREASURER
Bryan A. Vogel

PUBLIC WORKS DIRECTOR
Ronald Dintelmann

POLICE CHIEF
Melvin E. Woodruff, Jr.

VILLAGE ATTORNEY
Weilmuenster Law Group, P.C

ELECTRIC COMMITTEE MEETING
Monday, June 20, 2011 at 6:00 p.m.

The meeting of the Electric Committee was called to order at 6:00 p.m. on Monday, June 20, 2011 by Chairman Mike Blaies. Committee members present were Chairman Mike Blaies, Trustee Steve Smith (absent), Trustee Ray Matchett, Mayor Ray Danford, Public Works Director Ron Dintelmann, Assistant Public Works Director John Tolan, Village Administrator Dennis Herzing and Office Manager Julie Polson.

A. OLD BUSINESS:

1. Approval of May 11, 2011 minutes: Trustee Ray Matchett motioned to approve the May 11, 2011 minutes and Chairperson Mike Blaies seconded the motion. All voting aye, the motion carried.
2. Switchover of Ameren to Freeburg power: Ron said there is a little bit of cleanup to do but otherwise, the project is done and this can be taken off the agenda. If we annex Ameren customers in the future, we can use the same agreement that was recently executed. It may make more sense to request a group of customers rather than an individual be switched over at a time.
3. Village Utility Needs Analysis: Dennis said we can continue on as we are right now without a contract or if we execute a franchise agreement with Ameren, we would receive a yearly amount since Ameren can't give out free gas anymore. Both Mayor Danford and Ron said they felt more comfortable with a 10-year agreement rather than a longer one. Dennis will get a copy of Ameren's latest proposal to the committee for review next month.
4. Replacement of old power plant doors: The doors are in and should be installed within the next week or so.
5. Franchise Fee (Ameren): Dennis explained we have a 5% franchise fee that Ameren should be paying us for Ameren electric customers that reside in the Village of Freeburg. He believes they were never properly notified of the fee. He will review the proper procedure on how to notify Ameren and initiate the procedure. Dennis will sit down with Ron to see how many customers we have on Ameren electric. Mayor Danford said those revenues are advantageous to the Village as they would help fund the general fund.
6. Highway lighting: Nothing new.
7. HAPS: Ron said this is on hold during the summer peak months.
8. Contaminated Fuel in Generators: Ron said Dave Schmidt could not fix the generator and wants \$15,000 to fix it. We brought it back and Dave Schmidt will not charge us for the work that they did on it. John asked if we can use this one as a parts source. Both Ron and John felt we needed two generators. The committee agreed to keep this one for parts and directed Ron to start looking for another used generator.

Electric Committee Meeting Minutes
Monday, June 20, 2011
Page 1 of 3

VILLAGE BOARD OF TRUSTEES MEETINGS ARE HELD ON THE FIRST AND THIRD MONDAY OF EVERY MONTH

9. Fuel Cost Adjustment: Dennis said we still need to evaluate the cost of security lights and the fees we charge for them.
10. Ameren Automated Metering: The agreement has been executed but we are not quite finished with this.
11. Arc Flash Study: BHM&G is working on this.
12. Sale of scrap material: Ron said all the surplus material is gone. We are still working on the storage area at the north power plant.
13. Unisom purchase of cell tower: We have not heard from the Unisom rep. Item can be taken off the agenda.
14. Spill containment/Wiegmann: We are waiting on Wiegmanns right now for the new service which is the part of this project that would qualify for the \$30,000 grant from IMEA. If we don't do the expansion and new transformers, we still need to do something with respect to the spill containment. We could spend about \$25,000 to bring us in compliance with that. Dennis said we need to schedule a meeting with all parties to get this moving forward.
15. Chubb Insurance Inspection: Ron said the transformers were tested and high moisture levels were found in a couple of them. He will come back to the next committee meeting with a quote to fix that problem.
16. Kentucky Data Link/Windstream Request: The agreement is signed and we sent them a quote for our work on the project. We should have their payment shortly and we'll complete the work.
17. HD Supply Safety Audit: John said we've received most of the safety supplies that we ordered. The grounds will be installed on the trucks this week and we'll have the guys trained on them.
18. URGE Testing: Ron said the testing will be done tomorrow. Bob Elden checked everything out today. A standard operating procedure will be written up for a black start and also when we URGE test. John said we are focusing on getting all of the guys trained on the equipment. He said he would like to have the portable radios fixed in times of emergency. He believes they provide a quicker response time and with the portable radios, everyone knows where you are and what you are working on. Dennis said we will need to talk to Gene to see if the portable radios will be compatible with the police department radios. Ron reminded the committee there is a new narrow banding guideline that goes into effect January 1, 2013. John expressed his concern about the ages of the current electric linemen and said we need to think about hiring another lineman. Mayor Danford said there is no point in waiting and would like the Personnel Committee to handle the request.
19. IMEA Notice of Revision to Rate Schedule B: Ron said IMEA is fighting the increase. Item can be taken off the agenda.

B. NEW BUSINESS:

1. Request for Streetlight: Simone Moreno requested a streetlight by her residence at 518 Draco Drive. Ron said they will be installing streetlights on Draco and Hickory. Item can be taken off the agenda.

2. APPA Request: Ron said this is a donation request and we have not contributed in the past. The committee decided not to contribute a donation.

C. GENERAL CONCERNS: Mayor Danford voiced his concern over costs that could be incurred by the Village with respect to the traffic light at the Freeburg Center. If someone would hit the light, they would be responsible for the repair costs, but if a tornado came through, we would be responsible. He does not think the Village should be 100% responsible for repairs. Dennis thinks we are responsible since the Village was the permittee on the IDOT Utility Permit application. Dennis doesn't think IDOT would have granted the permit to an individual and that is why the Village was the permittee. Ron suggested if the light was damaged, the Village could decide not to put it back up. Ron confirmed the light is being metered. Dennis will draft a letter to Joe Koppeis advising him of the Village's opinion that if the light is damaged, we will not incur any costs to put it back up.

Mike suggested in the future we hold a committee meeting at each power plant.

D. PUBLIC PARTICIPATION: None.

E. ADJOURN: *Trustee Ray Matchett motioned to adjourn at 7:30 p.m. and Chairman Mike Blaies seconded the motion. All voting aye, the motion carried.*



Julie Polson
Office Manager

VILLAGE PRESIDENT
Ray Danford

VILLAGE CLERK
Jerry Menard

VILLAGE TRUSTEES
Rita Baker
Seth Speiser
Charlie Mattern
Ray Matchett, Jr.
Steve Smith
Mike Blaies

VILLAGE OF FREEBURG

FREEBURG MUNICIPAL CENTER
14 SOUTHGATE CENTER, FREEBURG, IL 62243
PHONE: (618) 539-5545 • FAX: (618) 539-5590
Web Site: www.freeburg.com

VILLAGE ADMINISTRATOR
Dennis Herzing

VILLAGE TREASURER
Bryan A. Vogel

PUBLIC WORKS DIRECTOR
Ronald Dintelmann

POLICE CHIEF
Melvin E. Woodruff, Jr.

VILLAGE ATTORNEY
Weilmuenster Law Group, P.C

ELECTRIC COMMITTEE MEETING
Wednesday, May 11, 2011 at 5:30 p.m.

The meeting of the Electric Committee was called to order at 5:30 p.m. on Wednesday, May 11, 2011 by Chairman Mike Blaies. Committee members present were Chairman Mike Blaies, Trustee Steve Smith (6:00 p.m.), Trustee Ray Matchett, Village Clerk Jerry Menard (7:05 p.m.), Public Works Director Ron Dintelmann, Assistant Public Works Director John Tolan, Village Administrator Dennis Herzing and Office Manager Julie Polson. Guest present: Janet Baechle.

A. OLD BUSINESS:

1. Approval of April 14, 2011 minutes: Trustee Ray Matchett motioned to approve the April 14, 2011 minutes and Chairperson Mike Blaies seconded the motion. All voting aye, the motion carried.
2. Switchover of Ameren to Freeburg power: Dennis said we had an issue with the way we wanted to run the underground line to Pete Vogel's home. The only way to do that was through Brenda Stein's property. She has granted us a 10-foot easement strip. John said we have Parrish, Koerber and the nursing home ready to go which should only take a couple more days to finish weather permitting. Dennis had Jane calculate the total credit due the customers effective from the date that they switched over to now and it amounts to \$7,860.29. The committee agreed to issue the credits with the next billing cycle.
3. Village Utility Needs Analysis: Not discussed.
4. Replacement of old power plant doors: The doors are on order.
5. Franchise Fee (Ameren): Nothing new on this topic.
6. Highway lighting: Nothing new.
7. HAPS: Ron said the converters for units 10, 11 and 12 have been installed. Units 6, 8 and 9 will have the mufflers replaced due to the height and size of pipe. After that, we will go on hold until the fall because we need to have the units operational during the peak summer months.
8. Contaminated Fuel in Generators: Ron said the generator is still not back. Dave Schmidt advised there is something else wrong with it and should have it back in approximately two weeks.
9. Fuel Cost Adjustment: Dennis said with the rough calculations he did, there is not a significant savings and doesn't think we should do anything with that and Ron agreed. John asked about the cost of the security lights and Dennis said we do need to look at that. He will work on it.
10. Ameren Automated Metering: Ron and John went around with Ameren and identified each pole Ameren wanted to install the metering equipment. There are 16 locations and once Dennis has the revised list, he will prepare an ordinance and place it on the next board meeting agenda.

Electric Committee Meeting Minutes
Wednesday, May 11, 2011
Page 1 of 3

VILLAGE BOARD OF TRUSTEES MEETINGS ARE HELD ON THE FIRST AND THIRD MONDAY OF EVERY MONTH

11. Arc Flash Study: Ron said Chuck was out to look at both plants on May 6th. Marty will do the actual study which will take 45 - 60 days.
12. Sale of scrap material: Ron provided an email from Verbal recommending we keep the heads and pistons. Ron said we are okay on storage to do that.
13. Unisom purchase of cell tower: We have not heard from the Unisom rep. We will advise him of next month's meeting. Steve asked if there were any comments about us not wanting the perpetual lease and Dennis stated the rep said they could work around that.
14. Spill containment/Wiegmann: Ron said it's in the budget to work on. He said we will do a temporary barrier this summer which will satisfy EPA. Mike asked if anyone has talked to Wiegmanns and Ron said we need to sit down with them and discuss this. Ron said we need to send a letter to IMEA regarding the \$30,000 possible for this project by August 1st.
15. Chubb Insurance Inspection: Ron said T&R Electric will conduct the testing at the plant in 2 - 3 weeks. IMEA has the equipment to do the infrared testing and we will do that when the URGE testing is going on.
16. Kentucky Data Link/Windstream Request: A copy of the agreement was included in the packet. Steve had concerns that the wording of #4 on page 2 was too broad and also questioned #3 on page 6 stating it should say who pays for repairs. Dennis will contact Windstream and have the agreement revised.
17. HD Supply Safety Audit: Ron said HD supplied the listing of missing and bad equipment and all required items total \$26,000. This includes grounds and harnesses for trucks, sleeves for the employees, line hose, hose on the bucket trucks, testing meters, low voltage gloves. John said it is top priority to provide a safe working environment for our employees. Ron said he wants to send the guys to a trenching and shoring class where they would be classified as a competent person and receive a card. John is also working with the streets and water/sewer employees on their safety requirements.
18. URGE Testing: Ron said it has been scheduled for June 21st.

B. NEW BUSINESS:

1. Patriotic Sisters Request for Electric/Water for BBQ: John said last year they ran the line through the storm sewer without too much trouble. John said Randy asked if we could do the same for the Boy Scout BBQ this weekend.
2. IMEA Notice of Revision to Rate Schedule B: Dennis said the delivery service charge will be increased from \$2.60 to \$3.90 per kwh which represents a 50% increase in that charge. Overall, we will see a 3.5 - 4% increase if Ameren is successful that will take effect 7/1/11. IMEA and several other agencies are fighting this on a federal level. Steve asked Dennis to provide a ballpark estimate of the impact this increase will have.

C. GENERAL CONCERNS: Steve asked if Ron could provide power to the area by the post office in the Village Park for the Lights in the Park. Ron said that can be done and will cost about \$200.

Dennis brought up the Movie in the Park this Saturday stating there are concerns with the poles being placed in the ground. They will be in the way with the crosses that are placed in the park for Memorial Day. Several options were discussed and John will try to come up with something and get back to Dennis and Steve on it.

John said they've been cutting down a lot of trees on the property where the shed will go.

- D. PUBLIC PARTICIPATION:** Janet had some comments on the Kentucky Data Link contract.
- E. ADJOURN:** *Trustee Steve Smith motioned to adjourn at 7:15 p.m. and Trustee Ray Matchett seconded the motion. All voting aye, the motion carried.*



Julie Polson
Office Manager



payment address:
PO Box 630380
Baltimore, MD 21263-0380

correspondence address:
1875 Connecticut Ave., NW
Suite 1200
Washington, DC 20009-5715

202/467-2900
202/495-7462 (fax)
www.publicpower.org

RECEIVED

JUN 06 2011

Invoice

Bill To: Ronald Dintelmann
Village of Freeburg
14 Southgate Center
Freeburg, IL 62243

Ship To: Ronald Dintelmann
Village of Freeburg
14 Southgate Center
Freeburg, IL 62243

Order ID	Order Date	Customer ID	Customer PO	Payment Terms: Net 30 Days
194804	4/1/2011	39676 / 2295	APPA	

Quantity	Item	Unit Price	Discount	Extended
1	Electric Market Reform Initiative	\$500.00	\$0.00	\$500.00

Subtotal	\$500.00
Sales Tax	\$0.00
Shipping/Handling	\$0.00
Grand Total	\$500.00
Payment/Credit Total	\$0.00
Amount Due	\$500.00

Please make checks payable to: **American Public Power Association** Tax ID: 53-0026315

Charge my credit card (please check one): MasterCard Visa American Express Discover

Cardholder Name: _____ Signature: _____

Card Number: _____ Expiration Date: _____ Amount to Charge: \$ _____

Remit payment to:
American Public Power Association
PO Box 630380
Baltimore, MD 21263-0380

Please include a copy of this invoice with your payment.



RECEIVED

JUN 06 2011

June 1, 2011

Dear APPA Member:

We are writing to ask that you consider once again making a contribution to support APPA's Electric Market Reform Initiative (EMRI). It has been over two years since we last requested financial support for this program. The third solicitation, sent to members in October 2008, raised sufficient funds to sustain EMRI only through the end of 2011. To meet the new challenges and opportunities in the restructured wholesale electricity markets, APPA is seeking funds to both bolster EMRI activities this year and continue the program through the end of 2013. This fourth solicitation was approved by the APPA Executive Committee at its meeting on March 3rd.

In the five years since the APPA Board of Directors launched EMRI, much has been accomplished. APPA clearly continues to have a strong impact on the debate over the future direction of wholesale electricity markets, and our efforts have helped sustain the active involvement of many other organizations. These accomplishments would not have been possible without the generous financial participation of the 750 APPA members who responded to at least one of the three prior funding requests. We greatly appreciate your support.

EMRI's accomplishments include the creation and sustainment of a coalition of allies encompassing low-income, senior citizen and consumer advocates, state policymakers, and industrial customers. These allies have worked closely with APPA to raise awareness about wholesale market problems at FERC and to members of Congress. Under EMRI, APPA has also conducted an array of investigative studies of the markets which have served as a valuable source of information both for public power and other stakeholders.

Recognition of APPA's leadership in the wholesale electricity markets is reflected in the following statement from a January 13, 2011 speech by Baltimore Sun financial columnist Jay Hancock, also posted on his blog:

Amid the turmoil and change in electricity markets the past two decades, the American Public Power Association has been a beacon of intelligence and an inspiring advocate, not just for its members but for ordinary ratepayers everywhere. Given the vested interests of the investor-owned utilities and generation companies, APPA is one of the few honest information brokers for journalists like me and activists trying to shed light.

June 1, 2011

APPA is planning to build on these accomplishments and seize upon opportunities created by several recent developments, including the growing battle between load-side entities, state governments and incumbent generators over the centralized capacity markets, concerns about the greater impact of new EPA regulations on energy prices and reliability of supply within restructured electricity markets, a growing interest in reforming RTO governance and stakeholder participation, and a strong potential for Congressional oversight hearings.

Addressing these issues, as well as others that will inevitably arise, will require additional funds beyond APPA's regular operating budget and what has previously been so generously contributed to EMRI. Therefore, we strongly encourage all APPA members to participate in EMRI this year by making a financial contribution. For those who have not yet contributed to this effort, this is an ideal time to do so.

A progress report on EMRI activities since October, 2008 and a plan for the next two years is attached to this letter.

Funding Request

As with prior solicitations, we have developed a suggested contribution amount for each member based on annual electricity sales in accordance with the following formula. This formula has not changed since the initial solicitation.

• >10,000,000 mWh	\$10,000
• 2,000,000-10,000,000 mWh	\$7,500
• 700,000-2,000,000 mWh	\$5,000
• 300,000-700,000 mWh	\$2,500
• 100,000-300,000 mWh	\$1,000
• <100,000 mWh	\$500

An invoice based on this formula is enclosed. We encourage your participation at the suggested level, but we welcome your participation at any level you choose.

We are also, as in prior years, giving the Joint Action Agencies (JAAs) the option of paying on behalf of their members. As was done for the prior solicitation, the suggested formula for JAA contributing on behalf of their members will be capped at \$20,000. **All JAA members should contact your JAA to find out whether or not they will be paying on your behalf, or check with Elise Caplan at 202-467-2974 or ecaplan@publicpower.org who will be receiving this information from the JAAs.**

We are well aware that the economic downturn continues to create financial difficulties facing many members. But we are also aware that these difficulties have been exacerbated in many cases by participation in Day-2 RTOs. Continuation of EMRI will have the potential to bring tangible benefits to all members in both RTO and non-RTO regions, by achieving reforms to RTO markets, preventing both the development of new

June 1, 2011

problematic markets within RTOs and the spread of centrally operated markets to non-RTO regions.

We greatly appreciate your consideration of our request. If you have any questions or would like to discuss this further, please contact either of us or Joe Nipper at 202-467-2931 or jnipper@publicpower.org, or Elise Caplan at 202-467-2974 or ecaplan@publicpower.org. If you would like a copy of the power point presentation given at the 2010 National Conference detailing all EMRI activities to date, contact Elise. We also encourage all members to visit the EMRI section of the APPA Web site, which can be found at: <http://www.publicpower.org/emri.cfm>.

Sincerely,



Mark Crisson
President & CEO



Lonnie Carter
Chair, APPA Board of Directors

Enclosure

EMRI Progress Report and Next Steps

Background

The fundamental purpose of EMRI has been and continues to be to assess, and then address the market failures and other serious challenges facing public power in wholesale markets across the country, particularly the centralized markets operated by RTOs (regional transmission organizations). Such challenges are numerous and include: excessive and volatile prices for power supply and transmission services (even during the economic downturn); the virtual inability to enter into stable long-term contracts at prices other than those reflecting the high clearing prices available in the spot markets; the significant lack of needed investment in new generation and transmission facilities despite the continued reliance on locational pricing and centralized capacity markets; problems with market monitoring, governance, and accountability in the RTOs; and the high administrative and operational costs of RTOs.

The bulk of the assessment phase was conducted in 2006 through 2008, with several additional studies produced in the past two years. As a result, EMRI has created a well-respected series of primers, studies and analytical reports that document the problems listed above, as well providing for a fundamental understanding of RTO-run wholesale markets. All of the studies and primers can be found on the EMRI section of APPA's website at www.publicpower.org/emri.cfm.

Recent Activities

Following the completion of the majority of the studies, there have been two primary areas of focus for EMRI in the past two and a half years: the development and communication of a market reform proposal, and the cultivation and sustainment of a coalition of allies to advocate for reform of wholesale electricity market issues.

Regarding the first area, after careful consideration of the results of the studies and extensive consultation with member in RTO regions, APPA developed the Competitive Market Plan (CMP). Released in February 2009, the CMP proposed a series of reforms to the wholesale electricity markets designed to minimize the impact of the centralized RTO markets and promote a vibrant bilateral contracting market. APPA staff met twice with FERC staff to discuss the details of the proposal and have also distributed or cited the CMP at a number of state and regional forums. This year, we are in the process of revising and updating the CMP and will release a new version by the 2011 APPA National Conference.

Additionally, since the beginning of 2008, APPA has worked with industrial customers, low-income representatives, state consumer advocates, and others, including the Consumer Federation of America, AARP and Public Citizen to highlight concerns about RTO markets. These efforts have included joint statements in FERC dockets, letters to members of Congress, statements for the record of Congressional hearings, and meetings

with key members of Congress, including the chairs and ranking members of the energy committees, and with FERC Commissioners.

EMRI has been active in several specific issues connected to wholesale electricity markets. The debate over cap-and-trade legislation opened up an opportunity to demonstrate how RTO markets could impede climate change efforts by creating higher and unnecessary costs for consumers. In July 2009, APPA co-sponsored a study by Synapse Energy Economics with the National Association of Regulatory Utility Commissioners (NARUC), the National Rural Electric Cooperative Association (NRECA) and the National Association of State Utility Consumer Advocates (NASUCA). This study found that carbon allowance allocations given to merchant generators in deregulated markets would result in windfall profits without taking any steps to reduce carbon emissions. There was widespread press coverage of the study, including the New York Times online edition.

Another crucial area of EMRI involvement has been the continued effort to develop appropriate RTO performance metrics. In September, the 2008 Government Accountability Office (GAO) issued a study finding that FERC had endorsed RTOs but had not demonstrated whether the RTO markets were actually benefitting consumers. The GAO recommended that FERC develop metrics to measure RTO performance. FERC's subsequent efforts have provided an opportunity for APPA and our allies to advocate for improved measures of RTO performance, especially a comprehensive measure of generator revenues and profits. This metrics effort is still ongoing, with FERC planning to develop metrics for non-RTO regions in FY 2011 that will allow for comparisons with RTO market performance.

APPA has also continued to release additional, targeted studies using both external consultants and internal staff resources. These studies include analyses of the profitability of the largest owners of merchant generation, an analysis of potentially anti-competitive bidding behavior, rate comparisons in regulated and deregulated states, and a white paper on PJM's capacity market. As with the study of carbon allowance allocations, APPA continues to educate policymakers on the nexus between environmental regulations and greater consumer costs and windfall profits within RTO regions. APPA's March 2011 comments on EPA's development of new greenhouse gas emissions standards contained a detailed explanation of how the market structure would greatly exacerbate the costs to consumers of EPA regulations.

APPA has cited both the CMP and the findings of the EMRI studies in detailed comments and testimony in a number of relevant state and federal proceedings. These proceedings have included state legislative hearings in New York and Pennsylvania, a New Jersey Board of Public Utilities docket on long-term contracting, a Maryland Public Service Commission hearing on capacity markets, a PJM symposium on the capacity market, a FERC technical conference on RTO governance, and in individual FERC dockets. Many state commissioners, legislators and consumer advocates have become increasingly active in advocating for changes to RTO-markets to mitigate both price impacts and the dearth

of new cleaner generation facilities, and have greatly appreciated our involvement in these proceedings.

Last year, APPA decided that it was time to both take stock of the current markets and to revive the discussion of needed reforms the markets. To achieve these goals we sponsored a Wholesale Electricity Markets symposium on January 13, 2011. This symposium was well-attended and we have received very positive feedback about the event. There were sixty individuals in attendance (not including APPA staff and a number of weather-related cancellations). The following day was devoted to a strategic planning session with our allies and interested members to develop action items for 2011.

Both the symposium and strategic planning meeting demonstrated that, while specific areas of focus have changed, there remains a significant level of frustration with the RTO markets on the part of both APPA members and our allies. There appears to be a significant need on the part of these consumer and load-side interests for continued EMRI activities, at least in the near future.

More recently, an opportunity has arisen for much greater attention to wholesale electricity markets. Two states – New Jersey and Maryland – have initiated actions to address the high prices and lack of new infrastructure in PJM’s capacity market by signing long-term contracts with new generation facilities that will then be bid into the capacity market auctions and lower prices. This potential threat to the high earnings of the incumbent generators has prompted both a FERC complaint and a District Court complaint and injunction request. PJM in response filed revisions to the market rules. As approved by FERC, these rule changes will create difficulties for public power utilities and cooperatives building or purchasing generation for self-supply, and for states seeking to take control of their energy resource future and protect their economies. As a result, a concerted effort has been underway among APPA, our members in PJM, state consumer advocates, industrial customers and other consumers to work together to prevent such adverse outcomes. This issue provides an excellent opportunity to highlight the problems with RTO markets overall, and has and is likely to continue to receive a good deal of attention from the press.

Next Steps

APPA has determined a number of targeted areas of EMRI activities for the next two to three years:

- Reforming or eliminating mandatory forward capacity markets, opposing changes to these markets intended to raise prices and block state or public power efforts to procure power outside of the capacity markets, and preventing the spread of capacity markets to other RTOs.

- Educating members of Congress and others on the potential for constrained supply and windfall profits in RTO regions in the wake of the coal plant closures likely to follow new EPA regulations.
- Continuing to advocate for true RTO performance metrics that can accurately assess whether these markets can provide consumer benefits, and greater data transparency and accountability for RTO market participants.
- Raising awareness of continued difficulties facing load and consumer representatives in the RTO stakeholder process, and advocating for reforms to that process.

To address these areas, as well as additional issues that will inevitably arise, specific uses of EMRI funds include the following:

- Use of consultants to conduct needed studies and analyses;
- External assistance with short-term public relations and media efforts;
- Travel expenses incurred in participation in regional and state activities related to RTO markets, including potential funding of allies' participation;
- Congressional briefings on RTO market issues; and
- Funding of the EMRI Coordinator position beyond 2011.