



THE P³
GROUP

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EPSA and P3 Call on PUCO to Reject Proposed First Energy Tax

WASHINGTON, DC and KING OF PRUSSIA, PA - In response to the announcement today that FirstEnergy filed a revised stipulation at the Public Utilities Commission of Ohio (PUCO), the PJM Power Providers Group (P3) and the Electric Power Supply Association (EPSA) released the following statements attributable to their presidents:

“It is both shocking and troubling that the PUCO staff has done a complete about face and is now supporting a massive ratepayer bailout for FirstEnergy. Despite overwhelming evidence clearly showing that the power purchase agreements at issue are not necessary and wildly expensive and do not improve fuel diversity or stabilize rates in Ohio, the PUCO staff is now agreeing to a scheme that is demonstrably harmful to Ohio consumers. We hope the five PUCO commissioners see this so-called settlement for what it is - an enormous tax increase on Ohio homes and businesses that will only funnel dollars to one company. Indeed, the settlement is corporate welfare at its worst. For the sake of Ohio's future, the Commission must reject it. If approved, the PUCO will be thumbing its nose at the Governor’s commitment to cut taxes and obligating the residents served by FirstEnergy to eight years of a new “FE tax” that serves only one purpose – improving FirstEnergy’s bottom line,” said Glen Thomas, President, PJM Power Providers Group

“EPSA is proud to join its regional partner, the PJM Power Providers Group, and a broad coalition of consumer, environmental and manufacturing groups in strongly opposing what is a settlement in name only. EPSA members have made significant investments in Ohio at their risk without any guaranteed subsidies from Ohio residents. The proposed bailout of FirstEnergy discriminates against EPSA members and undermines federally-regulated wholesale power markets. The proposal makes Ohio less competitive economically by needlessly adding to the cost of electricity in the state. The record before the PUCO amply demonstrates this bail out is not needed for reliability. At a time of national debate over who benefits from regulatory decisions, the proposal pick pockets the wallets of Ohio families and businesses to guarantee profits for less efficient

power plants. If FirstEnergy is so sure this is a good deal for consumers, they should make public the information underlying its claims and provide iron clad corporate guarantees that consumers will actually receive the promised net benefits,” said John E. Shelk, President, 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.