



Citizens Utility Board

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STATEMENT BY CUB EXECUTIVE DIRECTOR DAVID KOLATA ON VICTORY IN FERC COMPLAINT ABOUT POWER PRICE SPIKE IN CENTRAL, SOUTHERN ILLINOIS

CHICAGO— In a positive development for Illinois consumers, the Federal Energy Regulatory Commission (FERC) has ordered changes to a yearly electricity auction that last summer sparked a 30 percent spike in prices in Central and Southern Illinois. This is a step in the right direction for consumers who suffered through the jolt of last summer's price spike. A lot of work needs to be done, but the recent FERC ruling aims for reforms that will better protect consumers from unjust increases in their power bills.

Background:

- The Midcontinent Independent System Operator (MISO) is the power grid operator in Central and Southern Illinois and 14 other states. It holds a yearly auction to determine "capacity" costs for the next year (June 1 through May 31). Capacity costs are fees wrapped in electricity prices that ensure power plants produce enough energy when demand is high.

- In the latest auction, last April, Illinois' capacity cost was more than 40 times higher than the other 14 states. Citizens Utility Board (CUB) Executive Director David Kolata called the results of the auction "absurd," since Illinois has a surplus of electricity. Meanwhile, power generators have received a windfall because of the new prices. (Ameren the utility isn't a power generator so it doesn't profit off these supply rates.)

- The jump in capacity costs caused a 30 percent spike in Ameren's supply prices on June 1, 2015, and threatened to hit customers with more than \$100 in higher costs. (Prices also went up for alternative supplier offers.) Illinois Attorney General Lisa Madigan and others filed complaints with the FERC asking for an investigation into the spike, and Illinoisans used CUB's Action Network to send more than 3,000 messages calling for an investigation.

- FERC's Office of Enforcement is conducting a probe of possible market manipulation, but the FERC ruling Dec. 31 does not address those allegations as the investigation continues. The FERC ruling requires MISO to change auction rules to better protect consumers from price spikes.

- The FERC ruling made two key changes. The auction rules previously allowed MISO's price to go as high as prices set by a power grid operator for northern Illinois and the East Coast—which traditionally has much higher power prices. This inflated MISO auction prices and will no longer be allowed. Secondly, MISO will be required to change the way it accounts for electricity imports and exports, and that also could prevent inflated prices.

Created by the Illinois Legislature, CUB opened its doors in 1984 to represent the interests of residential and small-business utility customers. Since then, the nonprofit utility watchdog group has saved consumers more than \$20 billion by helping to block rate hikes and secure refunds. For more details, call CUB's Consumer Hotline, 1-800-669-5556, or visit CUB's award-winning website, www.CitizensUtilityBoard.org.

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