

FILE

COVINGTON & BURLING LLP

1201 PENNSYLVANIA AVENUE NW
WASHINGTON, DC 20004-2401
TEL 202.662.6000
FAX 202.662.6291
WWW.COV.COM

BEIJING
BRUSSELS
LONDON
NEW YORK
SAN DIEGO
SAN FRANCISCO
SILICON VALLEY
WASHINGTON

17
RECEIVED-DOCKETING DIV
2009 JUL 27 AM 10:37
PUCO

July 24, 2009

Public Utilities Commission of Ohio
Docketing Division
180 East Broad Street
Columbus, Ohio 43215-3793

Re: Case No. 09-90-EL-COI

Enclosed please find an original and twenty copies of the Reply Comments of the
COMPETE Coalition in the above-referenced matter.

Sincerely,



William L. Massey
Counsel for the COMPETE Coalition

Enclosures

This is to certify that the images appearing are an
accurate and complete reproduction of a case file
document delivered in the regular course of business
Technician And Date Processed 7/27/09

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's)
Investigation into the Value of)
Continued Participation in Regional)
Transmission Organizations)

Case No. 09-90-EL-COI

RECEIVED-DOCKETING L
2009 JUL 27 AM 10:37
PUCO

Reply Comments of the COMPETE Coalition

The COMPETE Coalition appreciates this opportunity to submit reply comments in this proceeding. COMPETE represents more than 360 electricity customers, suppliers, generators and their nearly seven million American workers. Our members, a number of which do business in Ohio, support well-structured competitive electricity markets as the best means of meeting America's energy and environmental challenges at the lowest available cost for consumers. Our initial comments in this proceeding demonstrated that the RTOs serving Ohio are providing value to customers and are realizing the goals of FERC's Order No. 2000 by attracting needed infrastructure, encouraging innovation, keeping costs down, and presenting the best means of meeting national and regional environmental challenges. As we pointed out, several of our customer members in Ohio wrote to Governor Strickland in April 2008 to express this view.

COMPETE submits these comments to reply to the filing by the Industrial Energy Users-Ohio (IEU-Ohio). The inquiry being conducted by the Public Utilities Commission of Ohio (Commission) into the efficacy of the two RTOs operating in Ohio is critically important. The Commission's findings will affect the efficiency and reliability of electricity supply to Ohio's consumers, with important implications for Ohio's economy. As such, the Commission should rely on comments backed with evidence. IEU-Ohio, however, chose to file nothing more than an inflammatory diatribe against the RTO markets and the Federal Energy Regulatory Commission (FERC) that is long on hyperbole and exceptionally short on evidence. COMPETE will address the primary aspects of IEU-Ohio's filing.

The IEU-Ohio “evidence”

IEU-Ohio recommends that the Commission examine how consumers’ interests “could be better served by means other than those offered by MISO and PJM.”¹ The only support IEU-Ohio offers for recommending the drastic step of withdrawing from these ongoing regional markets is that the FERC has not undertaken an empirical analysis of RTO performance and references to studies done by others.² However, the cited studies do not provide any support for abandoning MISO and PJM.

The Kwoka study cited by IEU-Ohio did not even attempt to assess whether MISO or PJM are producing benefits for consumers, but instead asserted that there were methodological glitches in several previous studies measuring the benefits of restructuring. In addition, the Kwoka paper was completed almost three years ago (November 2006), and some of the studies assessed were not even focused on RTOs but on restructuring in general.

The study and testimony by Dr. Ken Rose cited by IEU-Ohio purported to show that differences in electricity prices in RTO states and non-RTO states cannot be explained by differences in fuel costs. Dr. Rose’s material was done in June 2007 and February 2008, when natural gas prices were soaring and retail rate caps in some states were expiring. It is now demonstrably obsolete. Fuel prices have come down dramatically, and data compiled by the U.S. Energy Information Administration now show that between 1997 and 2008 rates for residential and wholesale customers increased more in non-RTO states than in RTO states.

¹ IEU-Ohio comments at 8.

² IEU-Ohio comments at 31-35.

The average increase for all customer classes for non-RTO states was 46% but in RTO states it was 42%³ IEU-Ohio of course ignores the EIA data.

The last bit of “evidence” provided by IEU-Ohio is a GAO report. According to IEU-Ohio, this study found that the RTO markets are complex and that FERC had not conducted an empirical analysis to identify RTO benefits. Again, this is hardly a reasoned basis for the Ohio Commission to abandon MISO or PJM.

This is the sum and substance of IEU-Ohio’s support for its radical recommendations. Although advocating alternatives to MISO and PJM, such as a return to Day 1 markets or an Ohio-only organization, IEU-Ohio provides absolutely no evidence that such options would be superior to the current MISO and PJM markets.

Outcomes of RTO markets

One of IEU-Ohio’s allegations is that the FERC has been too focused on the structure of RTO markets instead of their outcomes.⁴ In fact, FERC focuses on both structure and outcomes. FERC is correct to focus on structure in the first instance because the structure of the RTOs and their markets are critical to good outcomes for consumers. FERC also focuses on outcomes, and there is solid and growing evidence that the RTO markets, including PJM and MISO, are producing good outcomes.

Reliability. Since its adoption, PJM’s forward capacity market has resulted in 27,640 MW of new resources, including 10,464 MW in the most recent auction held between May 4 and

³ Electric Power Supply Association, *EPSA Power Fact: Regional Markets Benefit Consumers; Latest APPA Paper Misses the Mark Again*, July 8, 2009.
<http://www.epsa.org/forms/documents/DocumentFormPublic/view?id=10C670000004C>

⁴ IEU-Ohio comments at 47.

May 8, 2009 for the 2012/2013 delivery year.⁵ MISO's voluntary monthly capacity auctions were implemented only recently and thus it is too soon to evaluate. Reliability is also enhanced by the regional operational scope of both PJM and MISO and the reduction in Transmission Loading Relief events.

In its filing, IEU-Ohio curiously states that RTOs have "contributed to significant reliability failures."⁶ IEU-Ohio offers absolutely no support for this bombastic allegation and we are aware of none. In fact, there is evidence that locational price signals and broad regional dispatch provide reliability benefits. After the 2003 blackout, the Pennsylvania House of Representatives passed a resolution commending PJM for its "present design system, automatic safeguards and alert operators which, in the aggregate, minimized electrical disruption in Pennsylvania and surrounding states on August 14, 2003."⁷

Operational efficiencies. In RTOs and ISOs, the heat rates of coal-fired generators improved 9.4% between 1998 and 2007, and the utilization rate of nuclear plants increased from 81% to 93% between 1996 and 2007.⁸ In PJM, Pennsylvania's nuclear power plants produce 1.7 million MWh more electricity today than they did ten years ago. The benefit of this additional output has been estimated to be between \$50 million and \$130 million annually to Pennsylvania,

⁵ PJM News Release, *PJM Clears the 2012/2013 RPM Forward Capacity Auctions*, May 15, 2009. <http://www.pjm.com/Media/about-pjm/newsroom/2009-releases/20090515-rpm-news-release-509.pdf>. In addition, the North American Electric Reliability Corporation has found that RTO and ISO capacity markets can help assure adequate resources. NERC, *2008 Long-Term Reliability Assessment 2008 - 2017*, at 9.

⁶ IEU-Ohio comments at 3.

⁷ Resolution of September 15, 2003, Pennsylvania House of Representatives.

⁸ Navigant Consulting, *Price Signals and Greenhouse Gas Reduction in the Electricity Sector*, 2009, at 9-10. <http://www.competecoalition.com/files/Navigant%20Study%20FINAL.pdf>

and over \$450 million in annual savings to the PJM East region.⁹ It seems clear that the RTOs have made significant strides in increasing the operational efficiency of generation facilities. Squeezing better performance from existing generation provides substantial benefits to consumers.

Production cost savings. In the PJM market, centralized dispatch of resources over a large region results in annual savings of between \$340 million to \$445 million.¹⁰ Overall, PJM's operations produce as much as \$2.3 billion in annual savings,¹¹ and MISO's operations save \$805 million to \$1.1 billion per year.¹² IEU-Ohio ignores these savings.

Lower prices. PJM's energy market prices, when adjusted for fuel costs, are 23% lower than they were ten years ago.¹³ According to FERC staff, since last year power prices in PJM have decreased by 40% and are the lowest they have been since 2004, while prices in MISO's Cinergy hub have decreased 43%.¹⁴ In Ohio, as a result of the recent auction to supply the FirstEnergy operating companies' standard offer service from June 2009 to May 2011, Ohio

⁹ Collin Cain and Jonathan Lesser, *The Pennsylvania Electricity Restructuring Act: Economic Benefits and Regional Comparisons*, February 2007 at EX-2.

¹⁰ *PJM Efficiencies Offer Regional Savings*, <http://www.pjm.com/~media/documents/presentations/pjm-value-proposition.ashx>

¹¹ PJM, *PJM Efficiencies Offer Regional Savings*, *id.*

¹² Graham Edwards, Presentation to Federal Energy Regulatory Commission, *Review of Wholesale Electric Markets*, Docket No. AD08-9, Technical Conference, July 1, 2008, at 4. <http://www.ferc.gov/EventCalendar/Files/20080701140415-MISO-Edwards.pdf>

¹³ Testimony of Andrew Ott, *En Banc* Hearing, Pennsylvania Public Utility Commission, October 23, 2008 at 5.

¹⁴ 2009 Summer Energy Market Reliability Assessment, May 21, 2009, <http://www.ferc.gov/market-oversight/mkt-views/2009/05-21-09.pdf>

residential customer rates will decrease 7.4% to 16%.¹⁵ Such a successful outcome would not be possible without the features of a well-functioning organized wholesale market like MISO.

Competitive market prices. According to the state of the market reports prepared by the independent market monitors, the MISO market “performed competitively” and the PJM markets’ results were “competitive.”¹⁶ The PJM monitor found that prices are set on average by the marginal generating units operating at or close to their marginal costs and that this is evidence of competitive behavior and competitive outcomes.¹⁷ IEU-Ohio alleges that the RTO platforms have permitted market participants to “manipulate commerce.”¹⁸ This incendiary accusation is presented without a shred of evidence to support it. The monitor reports do not express any concern with withholding or manipulation, and IEU-Ohio does not provide any evidence whatsoever to support its assertion.

Renewable resources. More than 70% of installed wind capacity is now located in regions with organized competitive electricity markets such as RTOs, despite the fact that these areas represent only 44% of U.S. wind energy potential.¹⁹ Organized competitive wholesale electricity markets and investment by competitive electricity suppliers are responsible for over

¹⁵ PUCO News Release, *PUCO Accepts FirstEnergy Auction Results*, May 14, 2009, <http://www.puco.ohio.gov/PUCO/MediaRoom/MediaRelease.cfm?id=9388>

¹⁶ Potomac Economics, *2008 State of the Market Report for the Midwest ISO*, at ii and Monitoring Analytics LLC, *2008 State of the Market Report for PJM*, Volume 1 at 2.

¹⁷ PJM 2008 State of the Market Report, *id.*, at 13.

¹⁸ IEU-Ohio comments at 3.

¹⁹ Letter from American Wind Energy Association, et al. to FERC Chairman Kelliher, February 26, 2007.

85% of new wind capacity.²⁰ MISO currently has more than 62,000 MW of renewable resources in its interconnection queue.²¹

As Congress debates legislation to put a cap on carbon emissions, it seems clear that significant investment in renewable resources will be needed, and organized markets, including MISO and PJM, are leading the way. The board of directors of the American Wind Energy Association issued a strong resolution finding that wind development has proven to be easier in areas with competitive wholesale electricity markets and touting the RTO market platform as an excellent structure for wind development and provided specific reasons why this is so. Among the reasons listed were that RTOs provided energy markets where variable or intermittent resources can sell excess energy or purchase shortages at a transparent and fair price, and minimized the operational impacts of variable resources by netting out aggregate load and generation over a wide region.²²

Demand response. Demand resources in the organized markets have displaced the need for more than 23,000 megawatts of generation.²³ Under the first five RPM auctions, total load response in the PJM capacity market has increased by over 3,500 MW, which is the equivalent of displacing the need to install three to four base-load generation plants.²⁴ The most recent auction

²⁰ Electric Power Supply Association, *Power Facts - AWEA Report Shows Wind Energy Still on Record Pace with Competition Leading the Way*, October 28, 2008.
<http://www.epsa.org/forms/documents/DocumentFormPublic/view?id=DC350000002F>

²¹ *Inside FERC*, April 20, 2009 at 19.

²² AWEA board resolution adopted January 9, 2008.
http://www.awea.org/newsroom/pdf/AWEA_Board_Resolution_on_Wholesale_Electricity_Markets.pdf.

²³ ISO/RTO Council, *Harnessing the Power of Demand*, October 16, 2007 at ES-1.
http://www.isorto.org/atf/cf/%7B5B4E85C6-7EAC-40A0-8DC3-003829518EBD%7D/IRC_DR_Report_101607.pdf

²⁴ Ott, *op cit.*, at 9.

produced an additional increase of over 5,600 MW of demand resources.²⁵ By forestalling the cost of building additional generating facilities, the PJM's demand response capacity resources save about \$275 million per year.²⁶

National studies have found that demand response resources flourish in RTO markets. FERC staff's recent assessment of demand response potential found that the largest impacts of demand response originate in regions with ISO/RTO programs that co-exist with utility/load serving entity programs. New England and the Middle Atlantic have the highest estimates, with New England having the ability to reduce nearly 10 percent of peak demand.²⁷ Another study found that most of the growth in incentive-based demand response resources has occurred in ISO/RTO markets, and that organized wholesale markets and policy support by FERC have facilitated new entry by curtailment service providers, which has led to product and service innovation.²⁸

Robust demand response programs and policies provide significant value to consumers. They allow customers to take charge of their energy destiny, relieve stresses and strain on the system, and can have a substantial price dampening effect.

Customer satisfaction. Surely one of the best outcomes of any market is satisfied customers. COMPETE customer members find the RTO markets such as PJM and MISO very beneficial. Businesses with almost one million employees, 10,000 facilities, and well over half a billion dollars in annual electric purchases have sent letters to Governors and legislators in five

²⁵ PJM Press Release, *id.*

²⁶ *PJM Efficiencies Offer Regional Savings*, *op cit.*

²⁷ FERC Staff Report, A National Assessment of Demand Response Potential, June 2009 at xiii. <http://www.ferc.gov/legal/staff-reports/06-09-demand-response.pdf>

²⁸ Peter Cappers, Charles Goldman and David Kathan, *Demand Response in U.S. Electricity Markets: Empirical Evidence*, Ernest Orlando Lawrence Berkeley National Laboratory, June 2009 at 11 and 28. <http://eetd.lbl.gov/ea/EMS/reports/lbnl-2124e.pdf>

states strongly endorsing competitive market policies.²⁹ Wal-Mart recently stated that “(f)rom the perspective of a large commercial customer, Wal-Mart is very pleased with the manner in which all of PJM’s markets are being operated and looks forward to expanding its participation in the PJM Markets. PJM’s success clearly demonstrates that properly designed and managed markets can and do provide substantial benefits to customers.”³⁰

Another COMPETE customer member that finds the RTO markets beneficial is Leggett and Platt, a diversified manufacturer. One of its executives recently testified “(a)s a large power user, Leggett believes that competitive energy markets are important. Competitive markets produce price transparency that provides end use consumers more choices than those from the vertically integrated energy delivery construct. Competitive markets not only provide consumers the options that can mitigate price volatility but those markets also inherently improve reliability through regional transmission organizations on the supply-side and increase efficiency and technology options on the demand-side.”³¹

Day 2 markets are beneficial

IEU-Ohio recommends that the Commission consider two very vague options, both of which would require Ohio utilities “migrating” back to a day-one ISO which would “not operate

²⁹ Customer letters in support of competitive markets: Connecticut (May 27, 2009) to Senate leadership; Maryland (March 23, 2009) to Governor O'Malley; Pennsylvania (October 20, 2008) to Governor Rendell; Ohio (April 22, 2008) to Governor Strickland; Michigan (March 17, 2008) to Governor Granholm; Pennsylvania (October 19, 2007) to Governor Rendell; Ohio (September 27, 2007) to Governor Strickland; Illinois (April 9, 2007) to Governor Blagojevich; Pennsylvania (January 30, 2007) to Governor Rendell.. <http://www.competecoalition.com/>

³⁰ Motion To Intervene And Comments Of Wal-Mart Stores, Inc., FERC Docket No. ER09-1063-000, June 26, 2009 at 8

³¹ Testimony of Steve Elsea, *En Banc Hearing on the Current & Future Wholesale Electricity Markets*, Pennsylvania Public Utility Commission, December 18, 2008 at 2.

a centrally cleared day-two market.”³² Presumably this also means a return to scheduling and dispatch only on the basis of physical transmission rights. Such a change would not be good policy for Ohio. While this is not the place for a complete assessment of such a vague suggestion, at a minimum IEU-Ohio’s recommendation, if adopted, would have the following adverse impacts:

- The operational efficiencies and lower costs brought about by the market incentives of the auction markets would disappear or be substantially reduced.
- Limiting the dispatch to bilateral contracts with physical transmission rights would reduce grid utilization, increase the risks of curtailments, and reduce economic trading across the grid. It has been estimated that this would cause PJM customer energy costs to increase by about \$13 billion over the next decade.³³
- Fewer conventional and demand response resources will be attracted due to the lack of either scarcity pricing in energy markets or capacity market auctions.
- The benefits of price responsive demand would be reduced. Some have suggested the use of an operating reserve demand curve in the balancing market to gradually raise prices to signal an impending shortage and thereby allow demand to respond.³⁴ This would increase the effectiveness of price responsive demand and its benefits of lower costs and improved reliability by decreasing capacity requirements, providing an additional source of operating reserves and regulation services, providing a quick

³² IEU-Ohio comments at 8.

³³ John Chandley and William Hogan, *Electricity Market Reform: APPA’s Journey Down the Wrong Path*, April 16, 2009 at 3. <http://www.competecoalition.com/newsroom/study-finds-alternative-power-market-proposals-reflect-fundamental-misunderstandings-tro-ma>

³⁴ Paul Centolella and Andrew Ott, *The Integration of Price Responsive Demand into PJM Wholesale Power Markets and System Operations*, March 9, 2009. http://www.hks.harvard.edu/hepg/rlib_rp_ScarcityPricing.html

response to shortage conditions, and mitigating market power by increasing demand elasticity. Of course, this opportunity would be lost without the balancing markets of a Day 2 market.

- The environmental benefits and cost savings brought about by renewable resources would be reduced. Experience has shown that using well-functioning hour-ahead and day-ahead markets and expanding access to those markets are effective tools for dealing with wind's variability. A deep, liquid real-time market is the most economical approach to providing the balancing energy required with wind plants with variable outputs.³⁵

RTO independence, transparency and contracting

IEU-Ohio finds it unfortunate that prices are “dictated by ‘organized markets’ and the mysterious and ever-changing commands of...RTOs with no ‘skin in the game’.”³⁶ This statement is completely off-base for a number of reasons. First, having no skin in the game, i.e., independence, is one of the fundamental features of the administrators or the RTOs serving Ohio that makes those markets attractive to resource owners because it establishes a level playing field and assures that all participants will be treated fairly.

Second, there is nothing “mysterious” about how the decisions of the market administrator are made or how markets are cleared and prices determined. All of the rules and precise algorithms for the RTOs serving Ohio are clearly set out in FERC tariffs or the RTO's business practices documents, and revisions to them are vetted through a stakeholder process. Moreover, there is significantly greater transparency in RTO markets than outside of them.

³⁵ U.S. Department of Energy, *20% Wind Energy by 2030: Increasing Wind Energy's Contribution to U.S. Electricity Supply*, May 2008

³⁶ IEU-Ohio comments at 48.

And third, prices are not “dictated” by the auction markets but instead are determined through the interplay of supply and demand. If IEU-Ohio prefers bilateral contracting, there is nothing in the RTO rules that prohibits it, and the RTO markets provide an excellent foundation for contracting. In fact, only a small percentage of electric load is served through the spot auction market into which resources bid. The rest is served through bilateral contracts. It is highly unlikely, however, that IEU-Ohio will find a contracting partner, in or out of an RTO, that will not base its position during contract negotiations on supply and demand conditions.

The financial market experience is irrelevant

As part of its “kitchen sink” diatribe, IEU-Ohio alleges that FERC regulatory policies are similar to the “*laissez faire*” approach to regulation of financial institutions, with its “reliance upon the market, without adequate oversight,” that has pushed us into a global financial crisis.³⁷ The apparent innuendo is that a similar fate awaits the RTO markets. A common message in the remarks of Chairman Bernanke and Secretary Geithner cited by IEU-Ohio is the need for strong regulatory oversight of markets. But the discussion of regulation of the financial markets and their recent performance is totally irrelevant to any discussion of electricity markets or to the structure and operation of the U.S. electricity industry. Federal and state oversight of electricity markets is strong and comprehensive. Indeed, competitive electricity markets and the electricity industry in general remain the most heavily regulated in the United States.

To ensure reliability in Ohio and the other states served by PJM and MISO, upon threat of severe financial penalty, all entities that use the transmission grid must adhere to strict and detailed standards set by FERC for reliable operation, and must meet generation adequacy

³⁷ IEU-Ohio comments at 6 and 37-47.

standards. In addition, FERC can order interconnections and power sales if needed to maintain reliability.

Regarding financial and corporate matters, regulatory approvals, sometimes at both the federal and state levels, are required for acquisitions and dispositions of public utility assets, security issuances, and liability assumptions. Utilities must regularly file detailed financial reports that are publicly available.

FERC, along with the state public service commissions in Ohio and the other states served by PJM and MISO, exercise comprehensive regulatory authority over generation and delivery services at the wholesale and retail levels and over financial and reliability matters. Where prices for generation services reflect competition among suppliers, regulators maintain strong oversight of markets. For example, FERC screens out sellers that can exercise market power and on a daily basis monitors prices, activity and conditions in wholesale markets and requires quarterly reports of transactions and prices.

FERC has a vigorous monitoring and enforcement program and can levy fines of up to \$1 million per day per violation for market manipulation or violations of any of its rules, and can refer serious cases to the Department of Justice for criminal prosecution. No other federal agency has stronger enforcement authority than FERC. Regulatory monitoring and periodic audits as well as anonymous “hotline” calls are used to identify rules violations. Transparency and monitoring are also promoted by annual filings of utility costs, investments, and transactions.

In addition to FERC, PJM and MISO have additional safeguards to ensure competitive market operation, reliable supplies, and reasonable prices. Price caps are in place and creditworthiness requirements bar financially weak participants. In addition to FERC oversight, behavior is monitored in real-time by independent professional market monitors who periodically assess market rules and operations and issue publicly available reports.

Given the nature and comprehensive scope of the multiple level regulatory regime for electricity, there is no basis to compare the oversight and regulation of electricity markets with that of the financial products market that led to the current financial crisis, or to suggest that RTO markets will suffer the same fate as that of the financial markets.

FERC's performance

Throughout its filing, IEU-Ohio attacks FERC for taking a "faith-based" regulatory approach, granting sellers market-based rate authority, and refusing to undertake a systemic review of RTO prices.³⁸ A rational review of FERC's actions shows these charges to be totally unwarranted.

FERC allows sellers to charge market-based prices only if they demonstrate that they can not exercise market power. A seller can make this showing by passing an indicative screen analysis. FERC's screen analysis employs a well-accepted antitrust approach: it defines a relevant market in which the seller will make sales and then measures the seller's share of that market using well-accepted measures of market concentration. If the seller exceeds FERC's concentration threshold, it fails the screen and a hearing is held to gather additional evidence. Sellers that have market-based rates also must demonstrate that they lack market power every three years. Any party in those proceedings can present evidence that the seller is able to exercise market power and should not be allowed to charge market-based rates. Parties may also file a complaint later if a seller is exercising market power.

FERC's approach for evaluating market-based rate requests has been upheld by the courts. IEU-Ohio does not point to any instances in which it or any buyer in MISO or PJM has

³⁸ IEU-Ohio comments at 6, 7, 37, and 48, for example.

challenged a market-based rate application or filed a complaint with FERC alleging a seller has or is exercising market power.

FERC's oversight of RTO and ISO markets is extensive. It evaluates scores, perhaps hundreds, of filings per year regarding RTO and ISO rule changes and complaints and evaluates comments in almost all of them. Moreover, FERC has just completed an extensive review of competition in organized electricity markets that resulted in Order No. 719 issued in October 2008.³⁹ That proceeding lasted a year and a half and included over 91 parties, three technical conferences in which scores of witnesses spoke, an advanced proposed rule as well as a proposed rule, and a record of thousands of pages. By any fair accounting, FERC conducted an extensive, open and thorough proceeding. IEU-Ohio is apparently unhappy that FERC did not adopt the unsupported four and one-half page request by it and a coalition of others to open a formal investigation into the prices charged by all RTOs in the context of FERC's reform rulemaking docket.⁴⁰ Of course, IEP-Ohio and others are free at any time to submit a complaint to FERC setting out actual evidence that the prices charged in RTO markets are not just and reasonable. That they have not done so speaks volumes.

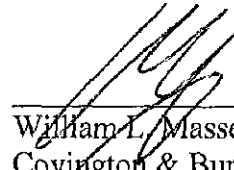
³⁹ *Wholesale Competition in Regions with Organized Electric Markets*, Order No. 719, FERC Stats. & Regs. ¶ 31,281 (2008) .

⁴⁰ IEU-Ohio Comments at 37.

Conclusion

IUE-Ohio's lambaste at RTO markets and FERC has no merit and is unsupported. The COMPETE coalition, in reply, appreciates the opportunity to supplement the record with facts about RTO markets and the benefits they provide.

Respectfully submitted,



William L. Massey
Covington & Burling, LLP
1201 Pennsylvania Avenue, NW
Washington, DC 20004-2401
202-662-5322
Counsel for the COMPETE Coalition