

**CONSUMER COALITION SUPPORTING NEW ENGLAND RATEPAYERS  
AGAINST RATE HIKE OF \$10.4 BILLION**

**ISO-NE proposing largest rate increase in New England history**

**November 9, 2004**

New Hampshire Consumer Advocate Anne Ross joined with Massachusetts Attorney General Thomas Reilly, Rhode Island Attorney General Patrick Lynch, Associated Industries of Massachusetts, The Energy Consortium, NSTAR Electric and Gas Corporation, the Rhode Island Division of Public Utilities and Carriers and Strategic Energy LLC (Coalition) in opposing a plan that would require New England ratepayers to pay an additional \$10.4 billion in subsidies to area electric generators.

The plan, referred to as Locational Installed Capacity (LICAP), is sponsored by the Independent System Operator of New England (ISO-NE) and pending before the Federal Energy Regulatory Commission (FERC). The plan purports to encourage the construction of new electric generating plants and compensates electric generators that do not receive enough funds from the competitive wholesale market for the generating capacity that they supply. The ISO proposal provides incentives to construct more electric plants by moving away from the current system where competitive markets set prices and returning to a system of administrative price setting by FERC. The ISO claims that electric generators are not making enough money in the competitive market and must be guaranteed a stream of additional revenue.

The Coalition filed testimony on November 4, 2004 at FERC opposing ISO-NE's plan. If FERC approves the plan, New Hampshire ratepayers will pay significantly more for electricity, from 0.7 cents/kWh growing to 3.06 cents/kWh over the period 2006-2010. This amounts to a 20% rate increase for residential ratepayers, with no additional benefits or guarantees that new generating plants will be built. The Coalition argues in the testimony filed that the proposal requires customers to make excessive payments to generators far beyond the established criteria needed for reliability and discourages efficient, cost effective electric generation.

The Coalition has come together to protect consumers in New England and oppose an unfair and unwarranted rate increase that would be the largest in our history. New Hampshire customers, already paying more for fuel, cannot afford to pay millions in subsidies to wholesale generators. There are too many people in New England already struggling to pay their electric bills. This plan would have a dire effect on the low-income ratepayers.

**Contact: F. Anne Ross  
Consumer Advocate  
(603) 271-1174**