

The background features a large, faint, circular seal of the Massachusetts Attorney General. The seal contains the state coat of arms, which depicts a Native American holding a bow and arrow, with a five-pointed star above his right shoulder. The seal is surrounded by the text "MASSACHUSETTS ATTORNEY GENERAL" at the top and "MARtha COAKLEY" at the bottom.

FERC's Price Responsive Demand NOPR

David A. Cetola
Assistant Attorney General
Consumer Liaison Group – August 5, 2010

FERC's NOPR RM10-17

FERC's Price Responsive Demand NOPR

FERC mandate: ensure rates are “just and reasonable”

March 18, 2010 - FERC issues NOPR - DR as a supply-side resource***

Demand Response: Reduction in customer consumption in response to price increase or incentive payments





FERC's NOPR RM10-17

Proposed Rule: All RTOs allowing DR in energy markets ***must pay Demand Response Resources Full LMP at All Hours***





FERC's NOPR RM10-17

FERC's Cited Benefits of DR:

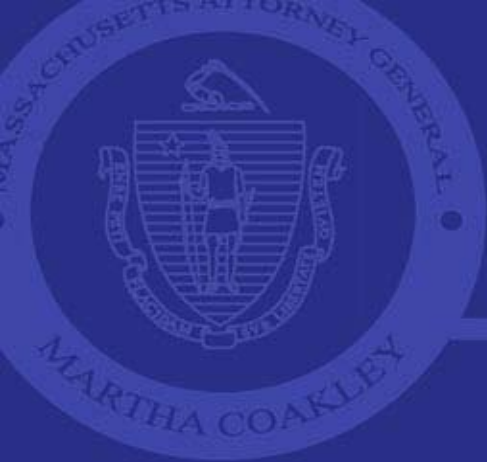
- Can lower prices
- Can mitigate generation market power
- Can support system reliability and address resource adequacy



FERC's NOPR RM10-17

FERC's Support for Proposal:

- Compensate DR reflecting its marginal value
- Comparable to treatment of generation
- PJM experience
- Remove barriers

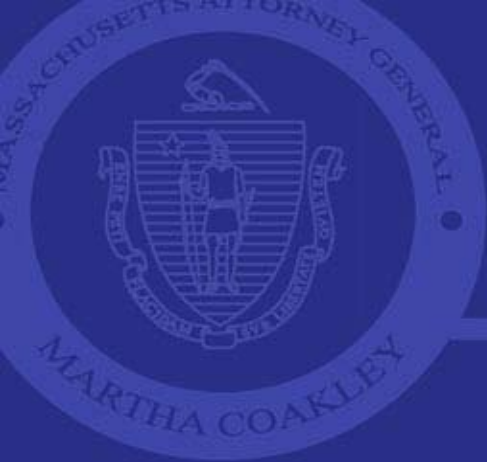


FERC's NOPR RM10-17

FERC requested comments by May 13th:

- Payment level
- Participation hours
- Regional variation
- Periodic review





FERC's NOPR RM10-17

MA-AG's Comments on Payment Level

- DR should be paid Full LMP
- Payment consistent with compensation paid to generation
- Experience in PJM

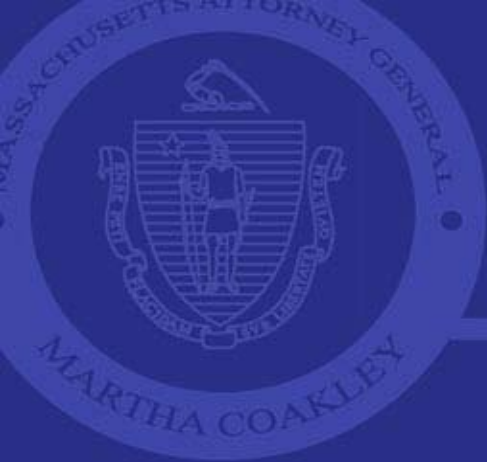


FERC's NOPR RM10-17

MA-AG's Comments on Participation Hours***

- DR should clear only when it is cost-effective
- Defer to New England's stakeholder process





FERC's NOPR RM10-17

MA-AG's Comments on Remaining Issues

- Cost Allocation***
- Periodic Reviews of DR Compensation



FERC's NOPR RM10-17

Questions?