



Restructuring Round Table

November 21, 2014

F E R C O R D E R

7 4 5 V A C A T U R





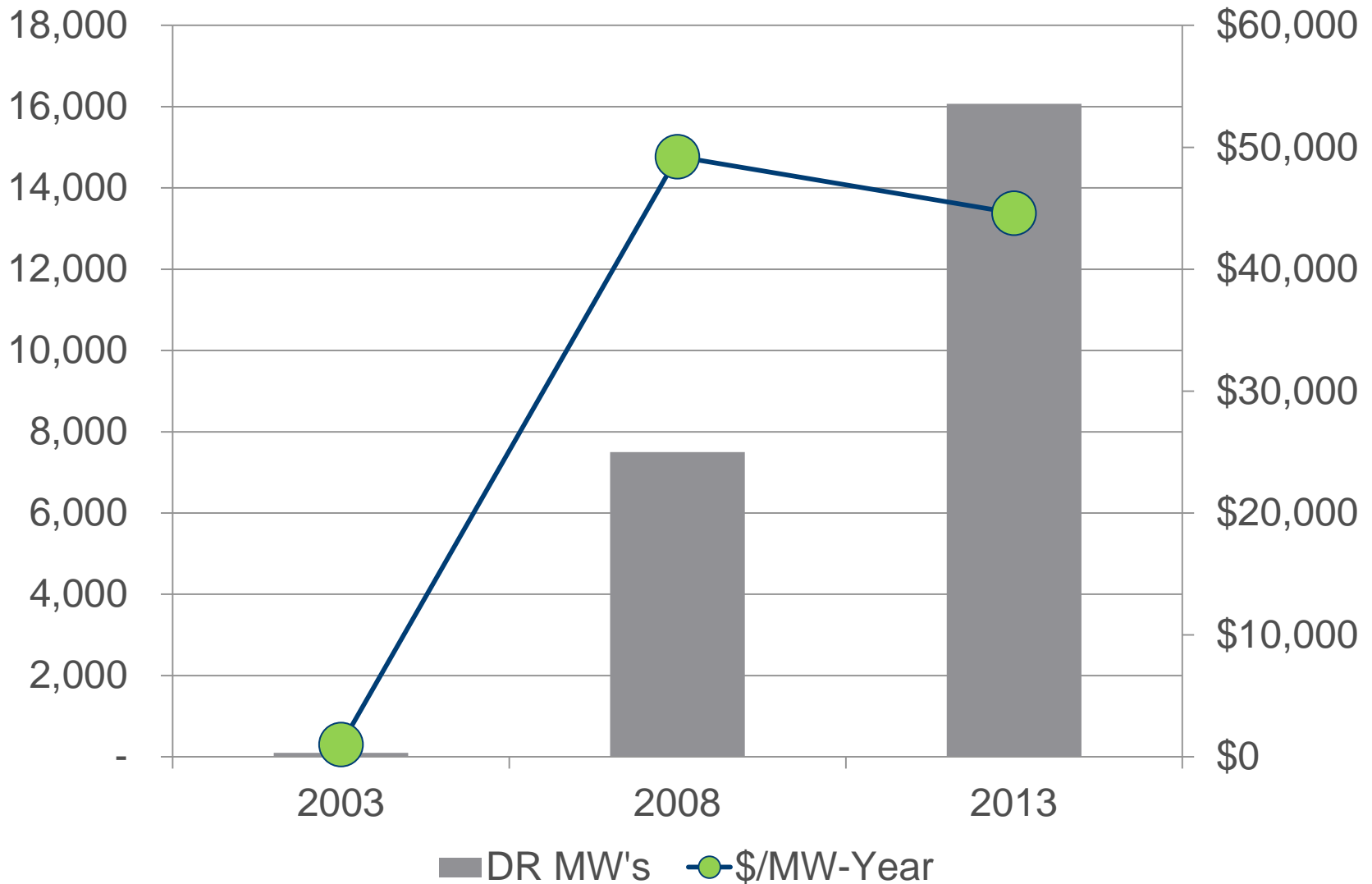








Wholesale Capacity Market Prices and DR MW's Cleared



“In order to achieve optimal deployment of energy efficiency and demand response, these demand-side resources must be valued and obligated in the markets comparably with supply resources.”

– New England Power Generators Association, 4/17/08 FERC Filing

2009 FirstEnergy Filing Excerpt to Transition to PJM from MISO

“ PJM operates under market rules that better facilitate retail choice and competitive POLR procurement, and offers new opportunities for participation of demand response and energy efficiency on an equal footing with generation resources. FirstEnergy believes that realignment into PJM will benefit its customers and ensure continued reliability of service in Ohio.”

– *FirstEnergy, Ohio PUC Filing, 2009*

**“DR is clearly the killer
app of the smart grid.”**

– FERC Chair Jon Wellinghoff, 2010

Proven Savings to Ratepayers* **\$50 Billion+**



Proven Savings to Ratepayers* **\$500/Person**



Proven Reliability

“Load shed would have been necessary without DR to control.”

– *PJM Operations & Markets Report,*
8/29/13

Proven Reliability

90% - DR

60% - Generation

The First Fuel



There is more DR and EE potential in the US than the total proven oil reserves in Saudi Arabia at less than 20% the unit price



“FirstEnergy’s aggressive political and regulatory strategy is one way in which the company has sought to compensate for its declining financial performance, often at the expense of ratepayers and taxpayers.”

– IEEFA Study, October 2014

Just the Facts Ma'am



FirstEnergy (18 GW's of gens in PJM) has filed a complaint with FERC to vacate DR from wholesale capacity markets based on vacating of FERC Order 745. Without DR in the wholesale market in PJM capacity prices would roughly double in value. In the 2013/14 power year alone FirstEnergy would have generated approximately \$30,000/MW-year more in revenue if not for DR, delivering **\$540 million in incremental profit**. Generators have a lot to gain/lose in the outcome of this battle for DR market participation.



***“Motorola, Ericsson
file complaint to halt
smartphone use; cite
inventory of flip-
phones and lost
profits.”***

Et tu, Brute?

“Like PJM, ISO-NE and other independent system operators (“ISOs”)/regional transmission organizations (“RTOs”) should be directed to exclude demand response from participating as supply in their capacity auctions.”

– *EPSA, FirstEnergy Filing, 10/22/14*

The “LSE Whitepaper”





“If the reasoning in the D.C. Circuit Court majority opinion is applied to the capacity market as FirstEnergy requests, the FERC’s sanctioning of the capacity market itself must be vacated”

*– Pennsylvania PUC Filing, 10/22/14
in Opposition to FirstEnergy*

**100% of states
(including every New
England state) filing
on EPSA support
demand response in
wholesale markets.**

Support DR in wholesale energy and capacity markets