

From: Erika Diamond
Sent: Monday, September 14, 2015 3:18 PM
To: Bohorquez, Mario
Subject: comments on IPA

Dear Mr. Bohorquez,

We had just one comment - more an inquiry.

On page 116 of the Illinois Power Agency's 2016 DRAFT Electricity Procurement Plan, it is stated that:

"The IPA does not propose any procurement of demand response programs for the 2016-2017 delivery year. Under current market and regulatory conditions,²²⁷ a new demand response procurement by the IPA would not meet the standards set forth in Section 16-111.5(b)(3) of the Public Utilities Act including, but not limited to, not being "cost effective," "satisfy[ing] the demand-response requirements of the regional transmission organization market in which the utility's service territory is located," or "provid[ing] for customers' participation in the stream of benefits produced by the demand-response products." Peak Time Rebate (or Savings) programs as offered by Ameren Illinois and ComEd create value through reduction in capacity charges and the technologies utilized for capacity reductions also have the potential to provide longer term demand response that could operate over more peak hours than those used for calculations of capacity obligations."

It would help to understand what data led the IPA to the conclusion that new demand response procurement would not be cost effective, satisfy the requirements of RTO markets or provide customer participation in the stream of benefits produced by DR products. As we have seen "locally" in PJM (with higher capacity prices for the 2018/2019 delivery year in the last auction) and even now in MISO Zone 4 is demand response can be cost effective and a clean way for the markets to meet their capacity needs. In addition, PJM markets have shown that these products do meet market requirements and customers do participate in the stream of benefits. In other states and markets (e.g. CA, TX etc.) we have seen similar trends. We do understand that program design can play into the cost-effectiveness of demand response (as well as the other two attributes) and so would appreciate a better understanding of the evaluation that led to this conclusion.

Thank you,

Erika Diamond