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INDUSTRY CROSS-SECTION DEVELOPS ACTION PLANS AT PJM DEMAND RESPONSE SYMPOSIUM

(Valley Forge, Pa. – May 16, 2008) – More than 150 state and federal regulators, consumer advocates, electric utilities, curtailment service providers, technology companies and others developed action plans to increase demand response at PJM Interconnection’s Demand Response Symposium in Baltimore, Md. earlier this week.

Demand response is defined as reducing electricity use when demand is high instead of producing additional electricity.

“Demand response is an economical way to reduce the need for more electricity supplies,” said Andrew L. Ott, PJM senior vice president – markets. “Seeing it fully realized, however, will take a great collaborative effort of diverse stakeholders in the industry, not just PJM alone. These stakeholders came to the table this week and defined further the work needed to make this happen and ideas on overcoming the barriers.”

The symposium participants focused on three topic areas: data management and automatic metering infrastructure (AMI), demand response customer education and training, and the coordinating of demand response with transmission planning and capacity auction processes. The topic areas were identified in the Demand Response Roadmap that resulted from PJM’s first demand response symposium last year.

Demand response already is a component of the capacity auction process, Ott said. “The results of the recent annual auction for capacity show the continuing trend of more demand resources participating. We’re seeing the equivalent amount of load being reduced that would otherwise require the output of a 600 megawatt generating plant.”

Demand response can be achieved at the wholesale level with major energy users such as industrial plants curtailing power use and receiving payment for participating. At the retail level, where demand response is developing through involvement of various state agencies and stakeholders, consumers participate in programs to curtail use. Programs vary but may enable consumers to commit in advance to curtailing electricity use at certain times or to make real-time decisions using switches on air conditioners and water heaters that are controlled by their utilities. Advanced metering for all customers will expand significantly the measurement of responsiveness to price and to grid emergencies.

“The burning platform for demand response to happen involves a change in the marketplace,” said Ohio Public Utilities Commissioner Paul Centolella in a kick-off panel discussion. “The rising cost of generation capacity and fuel, the falling cost of communications and control technology, living in a carbon constrained environment, and the parallel need for a smart grid to support a digital economy are driving factors for demand response.”

Centolella stated that understanding customer behavior will be a barrier in implementing demand response because for the industry is largely comprised of engineers, lawyers and accountants not people who have studied customer behaviors.

In addition to Centolella, other presenters were Kim Pizzingilli of the Pennsylvania Public Utility Commission, Alan Friefeld of the Maryland Public Service Commission and Robert Lieberman of the Illinois Commerce Commission. Frank Magnotti of Comverge and Wayne Harbaugh of Baltimore Gas and Electric (BGE) also presented.

Companies such as BGE are learning about customer behaviors through pilot programs such as their Smart Energy Savers Program, which includes AMI, energy conservation and dynamic pricing, and, which was presented at the symposium.

The results of the two-day discussions will soon be posted to the PJM Web site and provide the basis for the development of demand response in the PJM region during the coming year.

PJM Interconnection ensures the reliability of the high-voltage electric power system serving 51 million people in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. PJM coordinates and directs the operation of the region’s transmission grid, which includes 6,038 substations and 56,250 miles of transmission lines; administers a competitive wholesale electricity market; and plans regional transmission expansion improvements to maintain grid reliability and relieve congestion. Visit PJM at www.pjm.com.

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