



PJM Interconnection Response to Open Letter from Demand Response Providers

(Valley Forge, Pa. – June 2, 2011) – The letter to electricity consumers issued yesterday via an online press release service by three demand response (DR) aggregators argues that PJM Interconnection’s proposed rules to measure capacity curtailment are not in the best interest of consumers. The letter further implies that PJM pursued this rule change to benefit the vested interests of incumbent generation. Nothing could be further from the truth.

PJM was motivated to propose the rules in question to ensure that retail customers are charged *only* for those demand response actions that in fact provide benefit. The kind of demand response which these aggregators defend does not amount to a real curtailment of capacity, and, thus, does not offer value to customers in the form either of enhanced reliability or more efficient markets.

As a regional transmission organization, PJM operates as a nonprofit entity to ensure the reliability of the high voltage electric grid and administer wholesale electricity markets in a fair, transparent and non-discriminatory manner.

PJM’s support for real demand response in its markets is evidenced by both the growing number of opportunities offered in PJM’s markets for demand response and the steadily increasing level of participation by demand response providers in these markets. The continued success of demand response in the various PJM markets depends on all stakeholders having confidence that customers are getting what is promised.

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