

**FILE**

93-7000-EL-FAD

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**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

PJM Industrial Customer Coalition

v.

PJM Interconnection, L.L.C.

Docket No. EL08-12-000

PUCO

2007 DEC 20 PM 2:53

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**MOTION  
TO EXTEND TARIFF PROVISIONS  
SUBMITTED ON BEHALF OF  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

Pursuant to Rule 212 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.212 (2007), the Public Utilities Commission of Ohio (PUCO) hereby requests that the Commission extend certain provisions of PJM Interconnection, L.L.C.'s (PJM) Open Access Transmission Tariff (OATT) described below, currently set to expire, until such time as the Commission rules on the merits of the complaint filed in this proceeding.

The PJM OATT contains demand-side response provisions which provide for locational marginal pricing (LMP) payments to economic load response participants. These provisions contain sunset clauses which will cause the LMP payments to cease after December 31, 2007. These provisions, which the Commission has found as recently as last year to "provide significant benefits to the PJM market,"<sup>1</sup> to provide economic

<sup>1</sup> *PJM Interconnection, L.L.C.*, 114 FERC ¶ 61,201 (2006).

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demand responders the opportunity to receive just and reasonable compensation for the benefits they bring to PJM by providing load curtailment.

On November 20, 2007, the PJM Industrial Customer Coalition (PJMICC) filed a complaint against PJM, arguing that the December 31, 2007, sunset component is unjust and unreasonable. PJMICC further requested that the Commission extend the current credit mechanism until PJM confirms the implementation and market-readiness of the alternative proposal.

The PUCO agrees with PJMICC that the tariff provisions that are set to expire are necessary, in some form and at some level, to ensure at least minimal levels of demand elasticity in the market. The provisions serve as one of several checks on the exercise of market power. The provisions help to dampen price volatility. The provisions help to create benefits that could accrue to all customers in the form of reduced clearing prices.

In light of the fact that the provisions at issue have been in effect since 2000/2001, continuation of those provisions will cause no injury. On the contrary, as more fully explained in PJMICC's complaint, the market will be harmed if appropriate demand-side response compensation is not available. Even PJM, in its answer to PJMICC's complaint, does not oppose maintaining the present incentive payment pending settlement discussions or final resolution of a long-term solution.<sup>2</sup> The PUCO would welcome the initiation of such a process.

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<sup>2</sup>

*See PJM Answer at 3.*

However the Commission decides to proceed – by settlement process or by formal hearing – the PUCO believes that unless and until demand response exists in PJM markets in sufficient quantity that its system benefits are exceeded by the costs of an incentive program, incentives are properly placed to help markets develop and operate more fairly and efficiently.

Respectfully submitted,

/s/ Thomas W. McNamee

**Thomas W. McNamee**  
Assistant Attorney General  
Public Utilities Section  
180 East Broad Street  
Columbus, OH 43215-3793  
614.466.4397 (telephone)  
614.644.8764 (fax)  
[thomas.mcnamee@puc.state.oh.us](mailto:thomas.mcnamee@puc.state.oh.us)

**Attorney for the  
Public Utilities Commission of Ohio**

### **PROOF OF SERVICE**

I hereby certify that the foregoing have been served in accordance with 18 C.F.R. § 385.2010 upon each person designated on the official service list compiled by the Secretary in this proceeding.

/s/ Thomas W. McNamee

**Thomas W. McNamee**  
Assistant Attorney General

Dated at Columbus, Ohio this December 20, 2007.