

FILE

KOREnergy

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2010 MAY 28 PM 4:49

May 28, 2010

PUCO

Ms. Reneé Jenkins, Secretary
Public Utilities Commission of Ohio
180 E. Broad Street, 11th Floor
Columbus, OH 43215

RE: Case No. 10-343-EL-ATA (Columbus Southern Power Company)
Case No. 10-344-EL-ATA (Ohio Power Company)

Dear Ms. Jenkins:

As president of KOREnergy, I am seeking leave to intervene in the above cases on behalf of KOREnergy. KOREnergy is located in Columbus, Ohio and is a privately held Demand Response Provider and a Member of PJM Interconnection, LLC. KOREnergy is the only non-utility Demand Response Provider (DRP) with its headquarters located in Ohio. As President, I have extensive experience in demand response programs offered across North America (ERCOT, NYISO, ISO New England ISO, Ontario ISO and the state of California). KOREnergy has a real and substantial interest in these cases as set forth in its legal position below. Its intervention will not unduly prolong or delay the proceedings and will contribute significantly to the full development and equitable resolution of the factual issues in these cases. KOREnergy's interest is not represented by existing parties.

It is KOREnergy's opinion that in this Application, AEP Ohio continues to argue against the rights of Ohio companies to operate in the PJM Demand Response Programs. In this instance, AEP Ohio uses SB 221 as its excuse as the reason Ohio companies should not be allowed to receive the benefits of being a demand response resource. This argument by AEP Ohio continues even after the Public Utilities Commission of Ohio has ruled against AEP Ohio in this matter.

Additionally, AEP Ohio falsely claims that Ohio businesses participating in the PJM DRP are "exporting" Ohio's limited demand response resources to the East Coast by allowing them to leverage payments associated with the PJM DR. The payments which these customers receive are based on PJM's Reliability Pricing Model. This model, which is used to determine capacity payments for demand response resources, primarily takes into account supply/demand and congestion, by utility zone, across the PJM system. As an example, demand response resources along the East Coast historically receive a considerably higher \$/MW day than their counterparts in the AEP Ohio zone. The reason for this is simply that there is less supply available to meet demand in those markets compared to AEP Ohio.

It should be noted that the PJM Demand Response Programs are recognized as the most successful programs in North America. In the 2010/2011 delivery year, PJM reports that over 10,000 businesses are participating, representing the equivalent of over 8,000 MW of demand response resources.

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PJM's business model uses Curtailment Service Providers (CSP) like KOREnergy to market its demand response programs, aggregate customers and ultimately administer the program on behalf of participant customers.

CSPs have the ability to negotiate with customers the adequate level of \$/MW day payment in order to incentivize a customer to participate in demand response. Once a customer is enrolled, it is the CSP's responsibility to prepare its customers for the eventuality of a demand response event, develop customer baseline usage calculations and ultimately submit customer usage data to PJM to support our customer's demand response actions.

In this filing, AEP Ohio asserts that if the Commission approved its Application, it would be authorized to recover from ratepayers the costs associated with implementation, payments and administration of their proposed demand response programs.

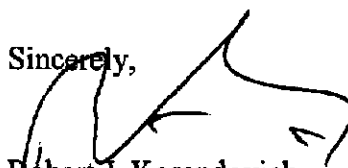
As noted earlier, these costs today are borne by CSPs and, in some cases, the participant customers.

In KOREnergy's review of AEP Ohio's Application, we note both a proposed cost structure and program terms which are unnecessary, ambiguous and detrimental to customer participation. In our experience, if approved, the Program structure which AEP Ohio proposes will cause significant reductions in demand response resources participating in the AEP Ohio zone.

In the PJM DRP, we have a contractual structure and pricing model that has worked well for the past 7 years and continues to grow in customer participation. It should be noted that there is an evolution in the ability to induce customers to participate as a demand response resource. CSPs like KOREnergy have years of experience in developing customer resources in a cost effective manner, to the benefit of the market.

AEP Ohio should not be allowed to implement its own Demand Response Program which in KOREnergy's opinion will significantly reduce demand response participation in the AEP Ohio zone as well as adding an unnecessary cost burden to Ohio rate payers, all in the name of satisfying SB 221.

Sincerely,



Robert J. Korandovich
President

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cc: All Parties of Record via email or U.S. Mail