

## Attachment A

- What is the proper price for energy?
  - Assure we don't administratively artificially increase energy costs to achieve DR that is not needed and lose sight of J&R rates
  - From a policy perspective do we really wish for electricity prices to rise to such a level that we lose the benefits of "affordable" energy to a robust national economy?<sup>1</sup>
- Should demand response be "paid" to reduce load in addition to the economic benefits it directly receives by avoiding a high cost period?
- What types of demand response can provide traditional generation-based ancillary services and to what extent? How will it do so?
- If subsidies or incentives are needed to "jump start" demand response, what is the clear point when they are no longer needed or appropriate and discontinued?
- What is the appropriate role of Curtailment Service Providers (CSP) as facilitators between LSE and customer?
  - Dilutes "savings" and after saturation could impede more DSR as price point has shifted to enable CSP profit
  - Necessary in short-term as well as long-term?
  - Are there other approaches we should explore to get the LSE with the portfolio to directly provide demand response as part of their supply portfolio?
- What is the right amount of demand response? Do we believe that all demand response is good regardless of price or that demand response is good only at higher prices during scarcity? Is there a certain level of chronic inelasticity where prices would have to be in the range of \$5k to \$500k to get residential customer to change behavior?
- What is the proper relationship between implementing DR as a market or administrative construct? Should there be a plan that is more administrative initially (big R) that then evolves to a more market-based approach (little R)?
- What is the proper relationship between administrative scarcity pricing and capacity reserve margins?
- What is the proper relationship between administrative scarcity pricing and administrative capacity constructs (RPM, FCM)?

---

<sup>1</sup> The fact that excessive wholesale rates may cause consumers to use less power does not make the rates just and reasonable.