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Energy Economics, Inc.

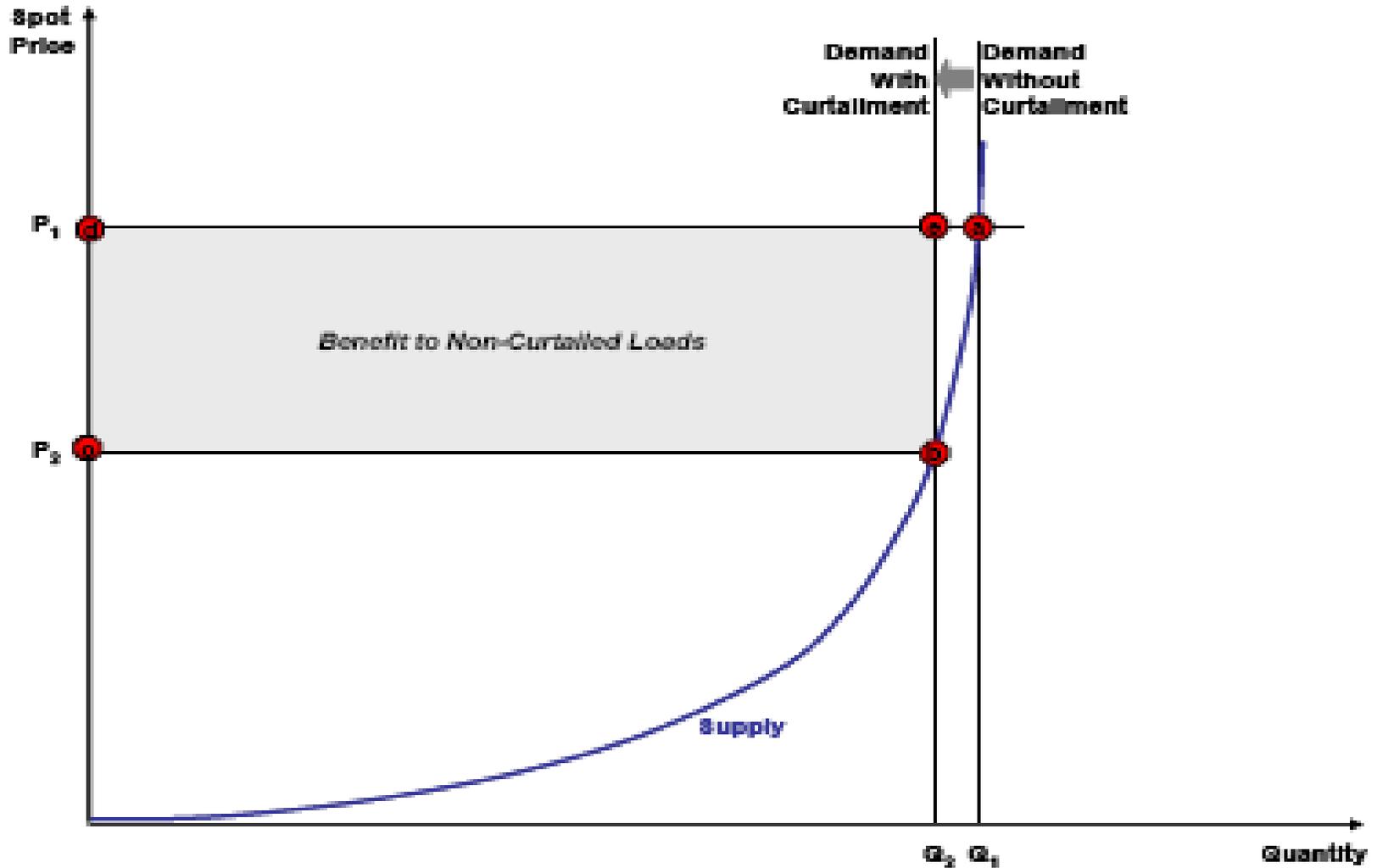
# Demand Resource Compensation

Technical Conference 21 May 2008

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# Results

- Reduced energy & peak loads
- Lower clearing price
- Reduced carbon footprint
- Less T&D investment
- Demand resource = marginal resource

# Issues

- Rates based on volumetric sales
- History of load growth
- Barriers to demand resource investment (time, knowledge, tools & capital)
- Appropriate price signals