



FEDERAL ENERGY REGULATORY COMMISSION

June 18, 2009

Commissioner Philip D. Moeller

Statement of Commissioner Philip D. Moeller on Demand Response Report

"Our nation must continue its effort to explore how demand response can cost-effectively keep customer rates low, and I welcome this staff report that will be delivered to Congress tomorrow.

I hope this report contributes to a sense of urgency on the need for more demand response and the necessary policy changes at both the state and federal levels of government. When the economy begins to grow again, energy consumption will also grow. I am concerned that we must act now to promote demand response in order to moderate increases in price and ensure reliability of the nation's energy delivery system.

In theory, it's easy to measure the absolute potential of demand response in any market - the answer is always that 100% of any market can disappear if price signals are high enough. And at the other extreme - which is the way this nation managed its electric networks for too long - a system could operate without demand response at all. Yet somewhere between 100% demand response and zero percent is an optimum level of demand response that maximizes efficiency by minimizing the cost of capacity on the peaks. This staff report makes a good effort at exploring how this nation can begin to arrive at that optimum.

Since this staff report will be made available to the public, including the underlying data and models, the public will have an opportunity to fully explore and understand the report, to improve the accuracy of staff's predictions, and to better optimize the level of demand response in our various electricity markets."

