August 11, 2008

Honorable Kristi Izzo
Board Secretary
New Jersey Board of Public Utilities
Two Gateway Center, 8th Floor
Newark, NJ 07102

Re: Docket No. EO08060421 – In the Matter of Demand Response Programs for the Period Beginning June 1, 2009 – Market-Based Programs

Dear Madam Secretary:

Enclosed for filing please find an original and ten (10) copies of the Comments of EnerNOC, Inc. Regarding Design Considerations for Market-Based Demand Response Programs in the above-referenced proceeding.

Also enclosed is a check made payable to "Treasurer, State of New Jersey" in the amount of $25.00.

Please do not hesitate to contact me if I may be of service.

Sincerely,

Kenneth D. Schisler
Senior Director
Regulatory Affairs

Attachments: EnerNOC, Inc. Comments
NJBPU DRWG Final Report – November 14, 2007

BEFORE THE BOARD OF PUBLIC UTILITIES
FOR THE STATE OF NEW JERSEY

IN THE MATTER OF DEMAND RESPONSE PROGRAMS FOR THE PERIOD BEGINNING JUNE 1, 2009	)	
	)	Docket No. EO08060421
MARKET-BASED PROGRAMS	)	

COMMENTS OF ENERNOC, INC. REGARDING DESIGN CONSIDERATIONS FOR MARKET-BASED DEMAND RESPONSE PROGRAMS

EnerNOC, Inc. ("EnerNOC) filed a timely Motion to Intervene in the above-captioned proceeding, and herein submits comments in support of the development of a New Jersey market-based demand response program.

I. Proposal developed in Demand Response Working Group should be considered in this docket.

In June of 2007, the New Jersey Board of Public Utilities ("Board") established the Demand Response Working Group ("DRWG") to design a New Jersey demand response pilot program for Board review. The DRWG, overseen by Board Staff and comprised of a diverse group of stakeholders, met numerous times over the Summer and Fall of 2007, and on November 14, 2007 submitted a final report (Attachment A) proposing a pilot program to commence June1, 2008.

The Board considered the proposed pilot program at its January 16, 2008 regular meeting. Formal action on the DRWG pilot proposal had to be deferred due to concerns related to utilizing the Retail Margin Fund, which had been identified as the funding source for the proposed pilot program. Although the pilot proposal had to be deferred, members of the Board expressed strong verbal support for the basic framework laid out in the pilot proposal. Unfortunately, the delay eventually led to the demise of the pilot

proposal as the 2008 deadline passed for enrollment in the PJM Interconnection, LLC ("PJM") wholesale market demand response program, to which the pilot proposal had been linked.

Although the window of opportunity for approving the pilot proposal for 2008 passed, many hours of effort were put forth in developing solutions and compromises on a number of important issues. It would appear entirely prudent to utilize the work product developed in the DRWG as appropriate place to commence work on the development of a demand response program under this docket.

II. Source of program funding is a threshold consideration.

Elements of program design will necessarily flow from the nature and source of funding for the New Jersey demand response program. This is so because a well-designed program will target the direct benefits of the program to those customers and customer classes that are paying the direct costs of the program.

If all customers are paying the costs, the program can be designed such that program benefits flow to all customers. On the other hand, if a funding source such as the Basic Generation Service ("BGS") procurement is utilized, it may be desirable to incorporate features into the design of the demand response program to make sure that customers paying for BGS also receive direct benefits of the investment in demand response.

Program funding through a system benefit charge or demand side management charge on all customer bills (or other non-bypassable charge to all customers) would likely facilitate the simplest program design and may be the most equitable approach to program funding. All New Jersey customers will enjoy the benefits of the state's new

demand response program. It is therefore appropriate to consider allocating the cost responsibility to all customers.

While there are advantages to utilizing a system benefit fund approach to program funding, there are potential drawbacks as well. One potential area of concern for the Board to consider in using a system benefit fund approach will be to ensure that the state's new demand response program is not competing for limited program dollars with other worthwhile policy objectives, such as promoting renewable energy or energy efficiency. While EnerNOC appreciates that demand response is a critical policy objective for the Board and as part of Governor Corzine's Draft Energy Master Plan, we recognize that there are other important priorities as New Jersey charts the course of its energy future.

As discussed in greater detail below, another option would be to design a state demand response program that becomes an embedded part of BGS. If that becomes the preferred method of funding, the program would likely need program components to ensure that direct benefits flow to customers who receive BGS supply service. This is entirely feasible, but it will necessarily make the program design more complex.

Finally, it remains unclear what, specifically, remains as a barrier to utilizing the Retail Margin Fund to fund the demand response program. If that source of funding is viable, it too could and should be explored.

In any event, understanding the parameters of program funding will be an important early consideration. It would be of tremendous value to stakeholders for the Board to indicate which funding sources may be available to fund the state's new demand response program.

III. Market-based demand response program should be open to all qualified curtailment service providers (CSPs).

The proposal developed in the DRWG recommended a program that allowed CSPs to compete for customers. In its filing in this docket, ConsumerPowerline recommends a similar approach, and does an excellent job of setting forth the basic elements of a market-based approach for a state demand response programs. By designing a program that would be available to all qualified CSPs on a non-discriminatory basis, New Jersey could leverage the marketing sales and operational capabilities of numerous firms already operating in the New Jersey market and maybe attract new market participants. CSPs could compete in the marketplace against each other and potentially utility programs established under the electric distribution company ("EDC") program approach to enroll end use customers in the program. This activity will undoubtedly mean greater outreach activity than would otherwise occur under any other program design.

IV. Market-based demand program should be available on equivalent terms as programs approved under the EDC approach.

Since the EDC programs may be competing to enroll many of the same customers as the market-based approach, the Board should strive to ensure that program funding and terms and conditions of both approaches are equivalent. If the EDC programs receive more favorable funding or terms, it will create a substantial deterrent to CSPs who would be reluctant to commit additional resources in a market in which EDCs could offer more lucrative opportunities that were not available to other market participants. On the other hand, if the market-based programs approach had advantages over the EDC programs

approach, New Jersey EDCs may not be able to achieve the ambitious goals set forth by the Board.

The EDC petitions recently filed in Docket No. EO08050326 include various elements of program funding and benefits that would not appear to be available to third party CSPs participating in New Jersey. Each EDC program proposal is structured differently, but each includes elements that would raise concerns about the competitive neutrality of the New Jersey demand response market going forward. Such elements include extra compensation, start up bonuses, free meters and meter data, and curtailment audit grants. Jersey Central Power & Light ("JCP&L") has proposed that one form of incentive, the start up incentive be available to third party CSPs on competitively neutral terms. At this point, EnerNOC does not support or oppose the inclusion of the incentive elements of the EDC proposals. However, in order to ensure vibrant demand side activities in New Jersey, the incentives available under the EDC program proposals should be available on similar terms to third party CSPs.

It should also be noted that two of the EDC proposals, from Public Service Electric & Gas and JCPL, include additional customer responsibilities primarily related to preserving reliability of distribution operations that are not addressed in PJM's wholesale market programs. Essentially, the proposals would require customers to curtail load for additional events as directed by the utility, in addition to the curtailment events that will be dispatched by PJM. These program design elements are similar to a program that is now in effect in New York in the Consolidated Edison ("Con Ed") service territory. As is explained more fully below in Section VI-C, EnerNOC fully supports utilizing demand response to address distribution level reliability needs of utilities. The Con Ed model

demonstrates that these distribution level load relief benefits can be delivered through third party CSP programs as well as utility programs. Again, this should be accomplished by establishing a third party CSP program that includes comparable program funding and benefits as will be available to EDCs.

The best policy will be to design and approve programs under both approaches that are equivalent in terms of the funding available, responsibilities of demand response performance, etc. In this way, New Jersey will be advancing a policy that will truly "grow the size of the pie" of demand resources in the state.

V. State program should leverage participation in PJM demand response programs.

There are numerous advantages, both administrative and strategic, to designing a state demand response program that would operate in tandem with the PJM wholesale market demand response programs. The DRWG recognized these advantages when it recommended that the state program work in conjunction with the PJM programs. Indeed, PJM indicated to the DRWG that it would assist New Jersey with the administration of a state program in a variety of ways.

Designing a state program to work in conjunction with the PJM program could provide any or all of the following advantages:

A. Program expenditure savings – If the New Jersey program is designed in such a manner as to be fully compatible with participation in the PJM programs, it will likely reduce the overall cost of the state program. New Jersey should seek to design its demand response program such that the state program makes available an additional revenue stream opportunity. An additional revenue opportunity through the New Jersey program would be incremental to payments under the PJM program. In this way, New

Jersey can effectively leverage the PJM program to promote substantially more demand response business activity in New Jersey than currently exists at a manageable cost.

B. Pre-qualifying eligible CSPs – CSPs who participate in the PJM programs in New Jersey and elsewhere must be members of PJM, meet creditworthiness standards, and conform to other standards established to ensure that CSPs participating in the market are viable businesses. New Jersey could avoid the need to establish a separate CSP qualification procedure by utilizing the PJM approval process.

C. Determining whether facilities qualify for participation – Certain demand response resources may be committed under retail contract or tariff obligations that render them ineligible to participate in state demand response program, or *vice versa*. PJM has established clearinghouse procedures for reconciling potential conflicts.

D. Measurement and verification ("M&V") of demand response resource performance – PJM oversees a rigorous process to ensure that demand response resources are performing in conformity with established guidelines and identify problems with non-performance or under-performance by demand response resources. PJM's M&V processes are an important preventative tool to prevent various potential forms of "gaming" activities that can undermine the integrity of a demand response program.

E. Event management – PJM has a refined process for initiating and managing load response events. This process includes established protocols for communicating information regarding any advance advisory notices of dispatch, dispatch instructions, event start and event end instruction, and the exchange of load data before, during, and after load response events.

VI. Program purpose should dictate elements of program design.

In the Board's Order establishing this docket, the Board identified several existing state and utility-specific demand response programs. It is interesting to point out that each of those programs were designed to achieve different policy objectives. EnerNOC recommends that New Jersey carefully consider the approach being deployed in New York in the Consolidated Edison ("Con Ed") territory. In any event, it is important for the Board to determine the precise policy objectives for the program early in the process since that decision will likely drive numerous program design elements.

A. Southwestern Connecticut Program

In the southwestern Connecticut program, the primary concern facing Connecticut regulators was that the region was chronically congested. There was both great difficulty and long lead times associated with addressing the problem through building new transmission and generation. Meanwhile, Connecticut was increasing its reliance on out of market reliability-must-run generating units, which was distorting the market intended to attract new investment. Connecticut established its demand response program as a way to bring quick relief from demand side measures to address the immediate problem, so that the work on longer term solutions could continue without the pressure of an impending reliability crisis.

B. Southern Maryland Electric Cooperative Program

The recently approved demand response program for the Southern Maryland Electric Cooperative ("SMECO") was not designed to address specific reliability concerns then prevailing in SMECO or in the Maryland region. Instead, the SMECO

program was approved as a means of attracting additional capacity resources to the region to help keep capacity prices down and avoid future reliability problems.

C. Consolidated Edison of New York Program

The demand response program established by the New York Public Service Commission ("PSC") for Consolidated Edison ("Con Ed") was designed as a means to use demand side solutions to address reliability issues at distribution-level voltages. The New York PSC approved enhancements to the Con Ed Distribution Load Relief Program ("DLRP") following the Queens Blackout in 2005. The ensuing Queens Blackout investigation by the New York PSC revealed that there are times when there are reliability problems at distribution-level voltages in Con Ed's system but that those problems did not give rise to reliability problems on the high voltage transmission system operated by the New York Independent System Operator ("NYISO"). At these times, although there were localized reliability concerns that could be helped with demand response resources, NYISO did not and could not dispatch demand side resources enrolled in the wholesale market demand response programs because there were no observed reliability concerns facing the bulk transmission system.

Con Ed's DLRP program was established to attract targeted load relief to specific locations on Con Ed's system where load resources can be deployed to address localized system concerns. This is accomplished through a supplemental payment to demand response resources that may be dispatched at Con Ed's discretion to address localized reliability concerns. Con Ed has established different premium payment levels for the supplemental payment in order to attract demand resources to targeted areas where relief is most valuable. The supplemental payment is required to attract demand resources,

many of which are already enrolled in NYISO programs, to the DLRP. It effectively compensates participants for their agreement to respond to reliability needs at the *distribution* level, while the NYISO program compensates participants for the agreement to bolster the *transmission* network. Structuring a supplemental payment in addition to the NYISO payment ensures that the maximum level of demand resources is enrolled and that the needs of both Con Ed and NYISO are met without cannibalizing existing programs.

A DLRP-like approach in New Jersey has the potential to revolutionize and dramatically transform and improve the efficiency of the state's electric distribution system. Of the various approaches described, we would recommend that New Jersey give serious consideration this model as consistent with the goals of the Draft Energy Master Plan.

Traditional electric distribution system planning involves planning for system upgrade investments to meet load growth in communities. This approach typically does not incorporate demand resources to help control or manage load growth in a community. As a result, this investment tends to be lumpy in that most new upgrades are built with substantial excess capacity to accommodate further load growth. After substantial investments in distribution system improvement, much of the investment is underutilized because it was built to accommodate future growth that has not yet materialized. The traditional approach may be, and likely is not an optimally efficient way of building out a utility distribution system.

New Jersey has an opportunity to design a program that incorporates demand side resources into distribution system planning. This approach has the potential to preserve

reliability while bringing down costs to New Jersey customers by helping to delay or negate future system capacity upgrades that would otherwise be needed to meet load growth. Also, as load resources become more prevalent throughout a utility's distribution system with the capability to be dispatched on a localized basis (e.g. at the feeder level) it will provide utilities with an increasingly valuable tool to help preserve reliability in local communities.

VII. A state demand response program can be integrated with BGS

The Board Order requested parties to submit comments about whether the state's demand response program can and should be integrated with the BGS auction process. It is indeed possible to integrate a demand response program with BGS in a manner that would be both cost effective and fair to BGS customers and other ratepayers. What follows is a very brief description of one potential method of achieving this end – and there well could be others. In any event, if integrating the demand response program into BGS is the Board's preferred policy choice, there would be numerous details that would likely need to be addressed in a stakeholder process.

The current BGS procurement could be altered to begin with the procurement of a certain quantity of demand response megawatts that would be available for dispatch by PJM under pre-defined terms conditions when locational marginal prices reach certain price. New Jersey would hold an auction for these demand response resources similar to the BGS supply auction. The BGS supply auction could then be held afterward with the understanding built into the BGS design that demand response resources would operate as a form of a price hedge for load serving entities serving BGS customers. Since bidders in the standard BGS auction would know that demand response resources would be

dispatched in the place of high-priced supply during high-priced periods, BGS bidders would have the incentive to submit competitive bids that were lower than if this price hedge was not available.

The successful demand response bidders in the BGS auction would receive compensation from two sources: 1) the PJM wholesale energy market through PJM's economic load response programs, and 2) revenues from the BGS demand response auction. The cost of the BGS demand response resources could be collected by any means that proves the most fair and administratively efficient. It may be most efficient to include an administrative adder on the cost of BGS service that would then be disbursed to the successful demand response BGS bidders. Another possibility could be to allocate the cost to successful wholesale supply bidders in the BGS auction. The BGS suppliers could then pay the BGS demand response resources directly, or the utility could be utilized as a third party administrator.

Under the framework described above, customers who receive BGS service would be both paying for and receiving the direct economic benefits of demand response resources participating in the BGS procurement. In addition, because the program would lead to additional price responsive resources in the New Jersey area, other New Jersey customers who were not BGS customers would benefit indirectly because of the downward pressure the program would put on peak energy prices in the region.

If the New Jersey demand response program is intended to be integrated in BGS, that policy choice will necessarily involve a number of additional questions and details that must be resolved. This decision would necessarily be of interest to broader group of stakeholders that may not yet be participating in this proceeding. If the Board intends

that the new demand response program become a part of the BGS process, it would be helpful if the Board would offer initial guidance.

VIII. A Working Group or Technical Conference would be helpful.

As is discussed above, there are numerous issues that will need to be ironed out as New Jersey seeks to approve a market-based demand response program. The Board's Order establishing this docket and Docket No. EO08050326 stated that a working group could be established to address details of the proposals. EnerNOC fully supports establishing a working group for this purpose.

The working group should have several important areas of focus: program funding; policy purpose of the programs; comparability between EDC and market-based programs; and integration of distribution reliability benefits available in market-based programs into similar elements of EDC programs. A working group or technical conference established early in the proceedings that would be organized to address these important issues would be extremely valuable to stakeholders and help keep the compressed procedural schedule on track.

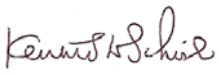
IX. Summary

EnerNOC appreciates this opportunity to offer comments in support of the establishment of a market-based demand response program for the State of New Jersey. The work product developed by the DRWG and submitted to the Board last Fall represents a workable place to begin work on this docket. Consistent with the approach recommended by the DRWG, EnerNOC recommends that the Board pursue a market-based program that is open to all CSPs and works in conjunction with existing PJM demand response programs.

The market-based program should be designed on equivalent terms as the EDC approach programs in order to ensure the success of both. In EnerNOC's view, a state demand response program that is patterned similar to the program administered by Con Ed of New York that enhances the value of demand response resources to local distribution systems may hold the most promise for New Jersey's energy future.

Further guidance from the Board or Board Staff will be invaluable as this docket proceeds. Guidance is needed for parties to gain a better understanding of available funding source, and the specific policy objectives the Board wishes to promote in advancing a demand response program. Finally, if the Board prefers that the new demand response program be integrated with BGS, it should indicate that preference so that stakeholders can direct efforts toward that approach. A working group or technical conference likely represents the best means of obtaining this necessary guidance.

Respectfully Submitted



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August 11, 2008

ENERWISE
GLOBAL TECHNOLOGIES

November 14, 2007

Kristi Izzo, Secretary
Board of Public Utilities
2 Gateway Center
Newark, New Jersey 07102

RE: Demand Response Working Group

Dear Secretary Izzo:

This letter is submitted to the Board of Public Utilities ("Board") on behalf of the Demand Response Working Group ("DRWG") as its final recommendation for a New Jersey-specific Demand Response ("DR") Pilot Program ("DR Pilot") for the 2008 energy delivery year ("EY 2008"), from June 1, 2008 through May 31, 2009.

During its public agenda meeting on June 14, 2007, the Board directed that the State's electric distribution companies ("EDCs"), DR providers, and any other interested parties form a DR working group, to be convened immediately and overseen by Board Staff. As articulated by letter dated June 26, 2007 from Kristi Izzo, Secretary of the Board (the "June 26th Letter"), the goal of the DRWG was to design "a Pilot Demand Response procurement program as soon as possible for review by the Board no later than October 1, 2007." By letter dated September 21, 2007, the DRWG requested that the Board grant an extension until November 14, 2007 for the DRWG to finalize its recommendations regarding the DR Pilot. During the Board's public agenda meeting on October 3, 2007, the Board voted to grant the DRWG's request. By letter dated October 3, 2007 from Ms. Izzo (the "October 3rd Letter"), the DRWG was notified that, among other things, the Board had granted the extension request.

Appended to the June 26th Letter were "Demand Response Pilot Procurement Process and Program Guidelines," which the Board authorized Staff to use to provide guidance to the DRWG, " while at the same time allowing for a great deal of flexibility in the design of a proposed [DR] procurement program." With the DR Guidelines in mind, the DRWG DR Pilot design process focused on obtaining an estimated 300 MW of demand response for delivery year 2008, for which PJM's registration deadline is March 2, 2008.

As conceived by the Board, the DRWG is comprised of a diverse group of stakeholders including state agencies, EDCs, retail energy suppliers, curtailment service providers ("CSPs"), energy efficiency service providers, industrial

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consumers, and other interested parties. In 10 separate sessions convened over a four-month period, the DRWG worked to develop consensus opinions on a number of design and implementation elements intended to stimulate greater levels of DR participation in New Jersey. Although the DRWG did not achieve unanimity on all DR Pilot design elements, the DRWG's ultimate recommendations reflect the majority consensus on all such design elements. Individual members of the DRWG reserve the right to file comments regarding the DR Pilot recommendations set forth herein. It is the understanding of the DRWG that the Board will accept comments on the DRWG proposed DR Pilot from all interested parties until November 28, 2007.

The DRWG charged various participants with researching and recommending best practices to the larger group. Some common industry procurement practices such as Request For Proposals ("RFP") and descending clock auctions were considered. However, the DRWG decided that the time required to develop such a process was insufficient for EY 2008, and that it therefore would be more expedient and cost-effective to leverage existing PJM programs, based on the rationale that such programs already reflect a consensus process and the regional procedures the pilot seeks to encourage. Further, it eliminates constraints associated with cost, time, and resources required to develop a fully independent New Jersey-based DR program.

For the large and intermediate-sized DR participants, the group decided that coordination with the existing, regional, market-based PJM capacity programs – Interruptible Load for Reliability ("ILR") or Demand Response ("DR") – would be the best approach. Further, the DRWG also decided that any DR program should be offered statewide, to all EDC distribution customers. It was determined that given the appropriate program-specific financial premiums, New Jersey would quickly increase the MW of total capacity statewide. The DRWG collectively decided to call upon PJM, the regional transmission organization, to present details on the existing load response markets that they administer. The working group devoted one full session to the review and discussion of relevant PJM markets, which PJM presented and helped to facilitate. With the collective expertise offered by PJM and the practical experience of the DRWG, it became even more apparent that the correct approach would be to closely couple the New Jersey effort to the regional markets.

Per the October 3rd Letter, in a second phase ("Phase 2") of its discussions, the DRWG will "explore additional [DR] possibilities, consistent with the Energy Master Plan, with attention given to a [DR] Program for smaller customers." Additionally, the DRWG has agreed that in Phase 2 it will explore specific design elements that are not included in the DR Pilot: (1) a competitive process for DR procurement for future years and (2) curtailment events supporting EDC-specific operational needs.

DR Pilot Design Recommendations

For purposes of the DR Pilot, the DRWG recommends that the DR Pilot follow the PJM Capacity Market business rules, and utilize PJM's procedures, software infrastructure and personnel to facilitate the DR Pilot.

PJM has agreed to assist with the implementation of the DR Pilot in a variety of ways, including, among others, by (i) determining whether facility resources qualify for the DR Pilot; (ii) registering and tracking resources participating in the DR Pilot; (iii) notifying the EDCs when particular facilities have requested enrollment as a DR Pilot resource; (iv) initiating emergency and load management events; (v) tracking performance of DR resources; and (vi) providing performance reports and support data for each event to each EDC and the Board that will be used to substantiate whether particular DR resources have earned the DR Pilot premium payment (described below and in Exhibit A).

To date, there has only been nominal growth in demand response within the State of New Jersey (total of 172.8 Megawatts for 2007). While DR levels elsewhere within PJM are increasing, the overwhelming majority of DR resources in New Jersey are the result of utility-administered residential HVAC cycling programs (approximately 106 Megawatts of the 172.8 Megawatts in 2007). Therefore, under the PJM programs alone, the State has attracted only 66.8 Megawatts of DR from the Commercial and Industrial classes or 0.33 percent of the New Jersey 2007 summer peak demand (only a portion of which consists of new DR resources). The DRWG therefore recommends supplementing existing PJM programs by offering additional incentives to achieve increased DR.

By majority vote, the DRWG determined that the additional incentives should take the form of a supplemental payment to Eligible Participants above existing PJM market values ("Premium Payment"). Presently, PJM DR payments are funded through the existing PJM markets, and this arrangement will continue. The DRWG recommends that a maximum Premium Payment of $22.50 per megawatt-day ("MWd") be made to qualifying DR resources based upon successful performance during summer of EY 2008 (June 1, 2008 through September 30, 2008). The maximum Premium Payment corresponds to a total budget for the DR Pilot of $2,463,750. If more than 300 MW of DR is delivered through the DR Pilot, then the Premium Payment to each Eligible Participant will be reduced proportionately, so that the total cost of the DR Pilot Premium Payments does not exceed the total budget. As used herein, "Eligible Participants" means load serving entities and CSPs that register with PJM for participation in the EY 2008 ILR or DR markets. A summary of the incentive payment structure is attached hereto as Exhibit A.

The DRWG also recommends that Premium Payments for the DR Pilot be administered by the EDCs. Likewise, the DRWG recommends that the costs of the DR Pilot, including the Premium Payments and the EDCs' incremental administrative costs, be funded by the EDCs' Retail Margin collections.

The DRWG proposes that each EDC be permitted to subtract the DR Pilot costs from the quarterly Retail Margin payment it remits to the Department of the Treasury. Regardless of the mechanism the Board approves, the EDCs shall not be required to make the Premium Payments until they have each received the funds from the Retail Margin Fund.

The DRWG respectfully requests that the Board adopt these recommendations for a DR Pilot for EY 2008.

We thank you for this opportunity to contribute to this very worthwhile process and greatly appreciate your consideration in these matters.

Respectfully submitted,

David D Ellis /dtg

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S. Lynn Sutcliffe, CEO

Atlantic City Electric
Philip J. Passanante, Esquire, Assistant General Counsel

Technology, Resources & Development Corporation
Walter A. Hans, President

Jersey Central Power and Light Company
Chris Siebens, Manager, Demand Response Programs
Marc B. Lasky, Thelen Reid Brown Raysman & Steiner LLP

Public Service Electric and Gas Company

Exhibit A

Following is a brief summary of the New Jersey demand response pilot structure as developed by the working group.

1. Total budget will be capped at $2,463,750 derived as follows:

   Total budget = $22.50/MW-Day x 300 MW x 365 Days

2. Maximum award will not at any time exceed $22.50/ MW-Day.

3. Premium payment will be awarded on a performance basis for summer EY 2008.

4. If more than 300 MW of demand response is delivered then the premium payment will be awarded on a pro-rata share basis using the following formula:

   $$\text{Premium payment (\$/MW-Day)} = \frac{\text{Total budget (in \$)}}{\text{MW qualified resources x 365}}$$

5. If no events are called during Energy Delivery Year 2008, premium payments will be awarded as described above to Eligible Participants as determined by PJM up to the capped amounts in 1 and 2 above.