



Federal Energy Regulatory Commission
April 23, 2007
Technical Conference AD07-11
Demand Response in Wholesale Markets
Statement of
Commissioner Philip D. Moeller

"Today's conference was significant because demand response -- in addition to transmission infrastructure improvements, renewable energy sources, and clean fuel technologies -- is an important tool to increase the overall efficiency and effectiveness of energy markets and reliability of the grid. While Demand Side Management is not the only tool, and is not a substitute for transmission expansion, it can have a substantial impact on energy markets when used in conjunction with other programs and technologies.

There is no question that demand response can have a market impact in the form of cost savings for customers. Today we heard about some of the long-term market impacts such as reduction of system peak demand and adjustment of customer load patterns. It is also important to note that the rapid deployment of demand response can benefit system reliability during critical times.

I would like to thank the panelists who presented their views today. I was particularly interested to hear from the representatives from the regional grids about the experiences and impressions they have had with their day-ahead and real-time economic demand response programs. The experience that these entities have had with their programs sheds light on what other markets might be able to expect with similar programs, in terms of their effects on wholesale prices, customer costs, and system reliability.

As with any new program, it is important to evaluate the effectiveness of demand response in wholesale markets. The best way to maximize the effectiveness of the grid is by combining a careful mix of demand response, transmission expansion, and new generation sources. To determine the proper mix, we need to properly measure the effect of demand response in various market situations.

Ultimately, the benefits that demand response can provide should not be minimized, and I will look forward to the challenge of more fully integrating this resource into our energy markets."