

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Demand Response Compensation in Organized
Wholesale Energy Markets**

Docket No. RM10-17-000

**COMMENTS OF AMERICAN FOREST & PAPER ASSOCIATION,
ELECTRICITY CONSUMERS RESOURCE COUNCIL, INDUSTRIAL ENERGY
CONSUMER GROUP, ONYX SPECIALTY PAPERS, INC., BUCKEYE
TECHNOLOGIES INC., MADISON PAPER INDUSTRIES, SMURFIT-STONE,
AMERICAN CHEMISTRY COUNCIL, INDUSTRIAL ENERGY CONSUMERS
OF AMERICA, PACE ENERGY AND CLIMATE CENTER, GEORGIA-PACIFIC
LLC, SAPPI FINE PAPER NORTH AMERICA, ALLIANCE FOR CLEAN
ENERGY NEW YORK, INC., WISCONSIN PAPER COUNCIL, WISCONSIN
INDUSTRIAL ENERGY GROUP, WEST VIRGINIA ENERGY USERS GROUP,
PJM INDUSTRIAL CUSTOMER COALITION, COALITION OF MIDWEST
TRANSMISSION CUSTOMERS, THE INDUSTRIAL ENERGY USERS-OHIO,
ILLINOIS INDUSTRIAL ENERGY CONSUMERS, OLD DOMINION
COMMITTEE FOR FAIR UTILITY RATES, VIRGINIA COMMITTEE FOR
FAIR UTILITY RATES, ASSOCIATION OF BUSINESSES ADVOCATING
TARIFF EQUITY, ALCOA, VERSO PAPER CORP., PROJECT FOR
SUSTAINABLE FERC ENERGY POLICY, MISSOURI INDUSTRIAL ENERGY
CONSUMERS, PRAXAIR, INC., SUGARLOAF MOUNTAIN CORPORATION
AND SUNDAY RIVER SKIWAY**

Pursuant to the Notice of Proposed Rulemaking (“NOPR”) issued in this proceeding on March 18, 2010, American Forest & Paper Association, the Electricity Consumers Resource Council, the Industrial Energy Consumer Group, Onyx Specialty Papers, Buckeye Technologies, Inc., Madison Paper Industries, Smurfit-Stone, American Chemistry Council, Industrial Energy Consumers of America, Pace Energy and Climate Center, Georgia-Pacific LLC, Sappi Fine Paper North America, Alliance for Clean Energy New York, Inc.,

Wisconsin Paper Council, Wisconsin Industrial Energy Group, West Virginia Energy Users Group, PJM Industrial Customer Coalition, Coalition of Midwest Transmission Customers, the Industrial Energy Users-Ohio, Illinois Industrial Energy Consumers, Old Dominion Committee for Fair Utility Rates, Virginia Committee for Fair Utility Rates, Association of Businesses Advocating Tariff Equity, Alcoa, Verso Paper Corp., Project for Sustainable FERC Energy Policy, Missouri Industrial Energy Consumers, Praxair, Inc., Sugarloaf Mountain Corp. and Sunday River Skiway, hereby submit these comments in the above captioned docket.

I. COMMENTS.

The undersigned parties join in supporting the Commission's Proposed Rule on Demand Response Compensation in organized Wholesale Electricity Markets. The Commission's proposed rule is a major and positive first step towards assuring that future markets for electricity yield results that are fair and equitable to suppliers and provide safe and reliable service at just and reasonable rates to consumers, both large and small. Key to the success of any competitive market structure in meeting the requirements of the just and reasonable standard are the mitigation of market power, the assurance of reliability, and the provision of service to customers at lowest reasonable cost. We believe the Commission's proposed rule will assure the continuing improvement of all organized markets on all of these fronts.

The Commission proposes a standard of compensation for Demand Response ("DR") resources that recognizes the economic value to all other customers and the overall

efficiency of the electric system. The full Locational Marginal Price (“LMP”) payment level proposed by the Commission will assure that Demand Response resources will be paid on a non-discriminatory basis for the services they provide to all other customers. Those services include lower clearing prices, increased reliability, mitigation of market power, increased consumer choice, lowering risk premiums, reducing needs for long term investment in infrastructure, enabling renewable, but intermittent resources such as wind and solar, and improving the overall efficiency of the electric grid. The proposed rule correctly recognizes that a failure to provide comparable compensation to Demand Response resources would unnecessarily reduce reliability and increase costs for all consumers.

Allowing Demand Response to bid and clear in a market on a comparable basis with generation has been shown to provide overall benefits to all consumers. PJM has estimated that in a one month period in 2006 that an expenditure of 5 million dollars on demand response saved all the ratepayers 650 million dollars.¹ It is clear that DR as part of a properly structured market can provide benefits to non-participating consumers far in excess of its cost. The Commission’s proposed rule recognizes this fact and is an important first step in securing these benefits to all consumers. Regardless of the hour or time of year, when demand response lowers the clearing price, that benefit is shared by all load in the market.

The parties hereto applaud the Commission for taking this necessary first step towards the improvement of the markets. The lack of a unified policy on Demand Response Compensation in the organized Markets has been a significant barrier to progress on

¹ See, e.g., <http://www.pjm.com/~media/about-pjm/newsroom/2006-releases/20060817-demand-response-savings.ashx> (last visited April 14, 2010).

important issues of energy efficiency, customer participation and reliability in all parts of the country, and a unified standard will help remove that barrier. The standard put forth by the NOPR is also welcome as allowing that progress to move in the direction of better, more efficient, more competitive and more just and reasonable market outcomes.

Dated at Portland, Maine this 13th day of May, 2010.

Respectfully Submitted,

/s/ Donald J. Sipe

Donald J. Sipe, Esq.

Counsel for American Forest & Paper Association

PretiFlaherty, Beliveau & Pachios

P.O. Box 9546, 1 City Center

Portland, ME 04112-9546

Telephone: 207-623-5300

Fax: 207-623-2914

Email: dsipe@preti.com

/s/ John A. Anderson

Dr. John A. Anderson

President & CEO

Electricity Consumers Resource Council (ELCON)

1111 - 19th St. NW, Suite 700

Washington DC 20036

Telephone: 202.682.1390

Fax: 202.489-6370

Email: janderson@elcon.org

/s/ Anthony Buxton

Anthony Buxton, Esq.

Counsel for the Industrial Energy Consumer Group

PretiFlaherty, Beliveau & Pachios

P.O. Box 9546, 1 City Center

Portland, ME 04112-9546

Telephone: 207-623-5300

Fax: 207-623-2914

Email: abuxton@preti.com



Pat Begrowicz, President
Onyx Specialty Papers, Inc.
40 Willow Street, P.O. Box 188
South Lee, MA 01260-0188
Telephone: 413-243-5451
Fax: 413-243-4602
Email: pbegrowicz@onyxpapers.com

/s/ Chip Aiken

Chip Aiken, Sr. V.P. Energy and Sustainability
Buckeye Technologies Inc.
1001 Tillman
Memphis, TN 38112
Telephone: 901-320-8141
Fax: 901-320-8836
Email: chip_aiken@bkitech.com

/s/ Martin Troy

Martin Troy, Director of E&I and Utilities
Madison Paper Industries
P.O. Box 129
Madison, ME 04950
Telephone: 207-696-1214
Fax: 207-696-1135
Email: marty.troy@myllykoski.com

/s/ Michael Colwell

Michael Colwell, Energy Manager
Smurfit-Stone
222 N. LaSalle St.
Chicago, IL 60601
Telephone: 312-580-4589
Email: MColwell@SMURFIT.COM

/s/Nancy Clark

Nancy Clark
Director, Regulatory and Technical Affairs
American Chemistry Council
1300 Wilson Boulevard
Arlington, VA 22209
Telephone: 703-741-5414

Fax: 703-741-6097
Email: Nancy_Clark@americanchemistry.com

/s/ Paul Cicio

Paul Cicio
President
Industrial Energy Consumers of America
1155 15th Street, NW, Suite 500
Washington, DC 20005
Telephone: 202-223-1661
Email: pcicio@carbonleaf.net

/s/ Jamie Van Nostrand

Jamie Van Nostrand
Executive Director
Pace Energy and Climate Center
Pace Law School
78 N. Broadway, E-House Room 202
White Plains, NY 10603
Telephone: (914) 422-4082
Email: jvannostrand@law.pace.edu

/s/ Trish Bowles

Trish Bowles
Georgia-Pacific LLC
Energy Sourcing Manager
Georgia-Pacific
133 Peachtree Street
Atlanta, GA, 30303
Telephone: 404-434-6086
Email: plbowles@gapac.com

/s/ Frederick Oettinger

Frederick Oettinger
Managing Director
Sappi Fine Paper North America
Somerset Mill
1329 Waterville Road
Skowhegan, ME 04976
Telephone: 207-238-3000
Email: Frederick.Oettinger@sappi.com

/s/ Carol E. Murphy

Carol E. Murphy, Executive Director
Alliance for Clean Energy New York, Inc.
194 Washington Avenue, Suite 320
Albany, NY 12210
Telephone: 518-432-1405
Fax: 518-432-1407
Email: cdemurphy@aceny.org

/s/ Earl Gustafson

Earl Gustafson
VP - Energy, Forestry & HR
Wisconsin Paper Council
5485 Grande Market Drive - Suite B
Appleton, Wisconsin 54913
Telephone: 920-574-3752
Fax: 920-202-3654
Email: gustafson@wipapercouncil.org

/s/ Steven Heinzen

Steven Heinzen, Esq.
Counsel for the Wisconsin Industrial Energy Group
Godfrey & Kahn, S.C.
One East Main Street
Madison, WI 53703
Telephone: 608-257-3911
Fax: 608-257-0609
Email: SHeinzen@gklaw.com

/s/ Derrick Price Williamson

Derrick Price Williamson
Counsel for the West Virginia Energy Users Group
Spilman Thomas & Battle, PLLC
1100 Bent Creek Blvd., Ste. 101
Mechanicsburg PA 17050
Telephone: 717-795-2741
Fax: 717-795-2743
Email: dwilliamson@spilmanlaw.com

/s/ Samuel C. Randazzo

Samuel C. Randazzo
Counsel for the Industrial Energy Users-Ohio
McNees Wallace & Nurick LLC
21 East State Street, 17th Floor
Columbus, OH 43215-4228
Telephone: 614.719.2844
Fax: 614.469.4653
Email: murraykm@mwncmh.com

/s/ Robert A. Weishaar, Jr.

Robert A. Weishaar, Jr.
Counsel for the PJM Industrial Customer Coalition
and Coalition of Midwest Transmission Customers
McNees Wallace & Nurick LLC
777 North Capitol Street, NE
Suite 401
Washington, DC 20002
Telephone: 202.898.5700
Fax: 717.760.1765
Email: rweishaa@mwn.com

/s/ Eric Robertson

Eric Robertson, Esq.
Counsel for Illinois Industrial Energy Consumers
(IIEC)
Lueders Robertson & Konzen LLC
1939 Delmar Avenue
P.O. Box 735
Granite City, IL 62040
Telephone: 618-876-8500
Fax: 618-876-4534
Email: erobertson@lrklaw.com

/s/ Cliona Mary Robb

Cliona Mary Robb, Esq.
Counsel for the Virginia Committee for
Fair Utility Rates
and the Old Dominion Committee for
Fair Utility Rates
Christian & Barton, L.L.P.
909 East Main Street, Suite 1200
Richmond, VA 23219

Telephone: 804 697-4140
Fax: 804 697 6140
Email: crobb@cblaw.com

/s/ Robert A.W. Strong

Robert A.W. Strong Esq.
Counsel for Association of Businesses Advocating
Tariff Equity (ABATE)
Clark Hill P.L.C.
255 S. Old Woodward Avenue, Third Floor
Birmingham, MI 48009
Telephone: 248-642-9692
Fax: 248-642-2174
Email: rstrong@clarkhill.com

/s/ Thomas Gianneschi

Thomas Gianneschi
Alcoa
Energy Regulatory Affairs
900 South Gay St.
Knoxville, TN 37902
Telephone: 865-594-4988
Fax: 865-594-4754
Email: tom.gianneschi@alcoa.com

/s/ Glenn S. Poole

Glenn S. Poole
Manufacturing Support Manager – Energy
Verso Paper Corp.-Bucksport Mill
P.O. Box 1200
Bucksport, ME 04416
Telephone: 207-469-1230
Fax: 207-469-1704
Email: glenn.poole@versopaper.com

/s/ Rishi Garg

Rishi Garg, Project Attorney
Project for Sustainable FERC Energy Policy
62 Summer St.
Boston, MA 02110
Telephone: 617-850-1789
Fax: 617-350-4030
Email: rgarg@nrdc.org

/s/ Diana M. Vuylsteke

Diana M. Vuylsteke
Counsel for Missouri Industrial Energy Consumers
(MIEC)
Bryan Cave LLP
211 N. Broadway
Suite 3600
St. Louis, Missouri 63102-2750
Telephone: (314) 259-2543
Fax: 314-259-2020
Email: dmvuylsteke@bryancave.com

/s/ David Meade

David Meade
Praxair, Inc.
Associate Director, Energy Strategy and Policy
175 East Park Drive, P.O. Box 44
Tonawanda, NY 14151
Telephone: 716-879-7032
Fax: 716-879-2909
Email: dave_meade@praxair.com

/s/ Bill Brown

Bill Brown
Sugarloaf Mountain Corp.
Sunday River Skiway
South Ridge Road
Newry, ME 04261
Telephone: 207-824-5254
Email: bbrown@sundayriver.com