

Laurits R. Christensen Associates, Inc.
4610 University Avenue, Suite 700
Madison, Wisconsin 53705-2164

Voice 608.231.2266 Fax 608.231.2108

MEMORANDUM

TO: Assistant Secretary, Ontario Energy Board

FROM: Steven Braithwait

DATE: February 4, 2004

SUBJECT: Comments on RP-2003-0144 - Staff Report to the Board on Demand-Side Management and Demand Response

Enclosed are nine copies of a set of comments on the Staff Report to the OEB on Demand-Side Management and Demand Response in the case of RP-2003-0144. My comments relate primarily to the sections of the report dealing with demand response (DR). In brief, I urge the Board to revise the Staff's characterization of an economic DR program payment as necessarily representing a subsidized incentive payment whose cost must be recovered through uplift charges. A careful analysis of how a DR program might operate in a competitive market reveals that economic incentives exist for market-based DR payments to customers for measured load reductions, where the cost of the payments is fully covered by cost savings of the customer's energy provider. Furthermore, the Board should consider the potential for encouraging more efficient retail pricing, such as two-part real-time pricing for large customers before embarking on the cost of a DR program.

I would be happy to answer any questions that the Staff or the Board may have about these comments.