

Proposed Statement of Principles

- Demand response is good for Missouri utilities and consumers and can play an important role in reducing the peak amount of electricity required over baseload generation. This reduces the need to utilize more expensive sources of generation to satisfy the peak load requirements. The impact of demand response has been to lower the cost of electricity with no loss of reliability.
- Large commercial and industrial retail electric customers are sufficiently sophisticated to deal with ARCs and have successfully demonstrated this in other states.
- Customers belonging to classes smaller than large commercial and industrial may not be sophisticated enough to deal with ARCs, especially residential customers. As Missouri IOUs are vertically integrated, electric customers are not familiar currently with the concept of “retail choice”.
- For the most part, the ARC registration process at MISO and SPP should be sufficient in establishing a market participant’s eligibility to participate in RTO / ISO markets and their credit worthiness.
- MOPSC may need to register ARCs separately from the RTO / ISO registration process.
- It is difficult to determine the appropriate Marginal Foregone Retail Rate (MFRR), as described in the MISO proposed ARC Tariff filing at FERC, in order to promote a reasonable balance between encouraging demand response and fairness to a Load Serving Entity (LSE). Proposed levels, as percentages of a customer’s retail rate, for discussion purposes are: 100%; 50%, and 0%.
- In terms of information to be relayed from ARCs to other entities, there is a need to differentiate between a Load Balancing Authority (LBA) and other groups within a Load Serving Entity (LSE) involved in energy market activities in order to satisfy FERC and NERC requirements.