

**STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION**

Commonwealth Edison Company	)	
	)	
Petition for approval of tariffs implementing	)	No. 12-0484
ComEd's proposed peak time rebate program	)	
	)	

Direct Testimony of

**JENNIFER FREDERICK**

Manager Retail Market Advocacy, Direct Energy Services, LLC

On Behalf of Intervenor

Illinois Competitive Energy Association

Dated: October 25, 2012

1 **I. Introduction of Witness and Purpose of Testimony**

2 **Q. Please state your name and business address.**

3 A. My name is Jennifer Frederick. My business address is 919 Congress Avenue, Suite  
4 1300, Austin, Texas 78701.

5 **Q. Please describe your education and business experience.**

6 I have a Bachelor of Business Administration in Economics from West Texas A&M  
7 University and a Master of Business Administration with an emphasis in Economics, also  
8 from West Texas A&M University.

9 I have been employed by Direct Energy Services, LLC (“Direct Energy”) since January  
10 2008. I began my employment as a Market Advocate and was promoted to Manager of  
11 Retail Market Advocacy in October of 2009.

12 Prior to joining Direct Energy I worked for 4 ½ years at the Electric Reliability Council  
13 of Texas (“ERCOT”) in both Retail Client Relations and the Program Management  
14 Office.

15 Prior to joining ERCOT, I worked for the Public Utility Commission of Texas as a Retail  
16 Market Analyst.

17 **Q. Who are you employed by and in what position?**

18 A. I am employed by Direct Energy in the position of Manager of Retail Market Advocacy.

19 **Q. What are your current duties and responsibilities?**

20 A. I am responsible for monitoring and advocating on behalf of Direct Energy in regulatory  
21 matters that impact Direct Energy’s ability to provide retail electric service to end use  
22 customers. I represent Direct Energy at the Public Utility Commission of Texas  
23 (“PUCT”) and in the ERCOT stakeholder process. I am currently a voting member of the  
24 ERCOT Retail Market Subcommittee. In addition, I serve as the chair of the Texas

25 Standard Electronic Transactions Working Group and Co-chair of the Advanced  
26 Metering Implementation Team Education Task Force.

27 **Q. Have you previously testified before the Illinois Commerce Commission**  
28 **(“Commission” or “ICC”)?**

29 A. No, I have not previously testified before the ICC.

30 **Q. On whose behalf are you testifying?**

31 A. I am testifying on behalf of the Illinois Competitive Energy Association (“ICEA”). ICEA  
32 is an Illinois not-for-profit corporation established as an Illinois-based trade association  
33 to represent the interests of competitive energy suppliers and others interested in  
34 preserving and enhancing opportunities for customer choice and competition in the  
35 electric and natural gas industries in Illinois. ICEA’s members include some of the  
36 largest competitive suppliers in Illinois such as Exelon Energy Company, Constellation  
37 New Energy Inc., Direct Energy Services, LLC, Integrys Energy Services, Inc. MC  
38 Squared Energy Services, LLC, Ameren Energy Marketing, Champion Energy, LLC,  
39 FirstEnergy Solutions, Nordic Energy Services, LLC and Reliant. These companies  
40 serve residential, commercial, industrial, and public sector customers such as those  
41 involved in the manufacturing industry; retail businesses; the State of Illinois and local  
42 units of governments; cultural, sporting and educational institutions; as well as hospitals,  
43 hotels, and restaurants. ICEA members also provide service to virtually all of the  
44 Municipalities that have enacted Governmental Aggregation programs.

45 **Q. Please describe ICEA’s interests in this proceeding.**

46 A. ICEA’s members are licensed Alternative Retail Electric Suppliers (“ARES”) providing  
47 service to retail electric customers in Illinois. ARES provide more than 60% of the

48 electricity consumed in Illinois, as noted by the Office of Retail Market Development's  
49 most recent Retail Competition Report. As such, ICEA has a direct interest in the  
50 outcome of the Rider Peak Time Rebate ("Rider PTR" or "PTR") program as proposed  
51 by Commonwealth Edison ("ComEd").

52 **Q. What is the purpose of your Direct Testimony?**

53 A. My Direct Testimony is limited to three issues:

- 54 1) First, I will comment on ComEd's approach to the competitive neutrality  
55 provision of the PTR statute.
- 56 2) Second, I will comment on the recovery of the PTR costs as proposed by ComEd.
- 57 3) Third, I will comment on ComEd's request for a March 2013 Order in this  
58 proceeding while announcing a one year delay in the program.

59 **Q. What are your conclusions?**

60 A. As explained further below, ICEA recommends that the proposed Rider PTR be rejected  
61 since it is not consistent with the cost recovery provision of the statute governing PTR.  
62 In fact, ComEd's proposed cost recovery proposal will prevent RESs from developing  
63 and offering their own demand response program and is therefore anticompetitive. In  
64 addition, ComEd has not demonstrated that it will implement PTR in a competitive  
65 neutral manner, and treat ARES customers in the same manner as its own customers as  
66 required by the statute. Finally, ICEA recommends that ComEd's tariffs be rejected  
67 since PTR is not scheduled to be implemented for two (or three years) in the future.

68 **II. Statutory Requirements Related to Designing the PTR Program in a Competitively**  
69 **Neutral Manner**

70 **Q. What are ComEd's statutory obligations with respect to designing the PTR**  
71 **program?**

72 A. The enabling statute is found in subsection 16-108.6(g) of the Public Utilities Act  
73 (“PUA”) [220 ILCS 5/16] which states that:

74 “[W]ithin 60 days after the Commission approves a participating utility’s AMI  
75 Plan pursuant to subsection (c) of this Section, the participating utility, after  
76 consultation with the Smart Grid Advisory Council, shall file a proposed tariff  
77 with the Commission that offers an opt-in market-based peak time rebate  
78 program to all residential customers with smart meters that is designed to  
79 provide, *in a competitively neutral manner*, rebates to those residential retail  
80 customers that curtail their use of electricity during specific periods that are  
81 identified as peak usage periods.” (Emphasis added).

82 **Q. In your opinion, has ComEd designed its PTR program in a “competitively neutral  
83 manner”?**

84 A. Due to the lack of details in its filing, it is not clear whether ComEd’s PTR program is  
85 designed in a competitively neutral manner.

86 **Q. Please explain.**

87 A. In Ex. 1.0, ComEd defines “competitively neutral manner” as applying to “all customers,  
88 regardless of their electric supplier.” (ComEd Ex. 1.0, lines 224-231).

89 While ICEA supports this statement, it by no means demonstrates that ComEd has  
90 complied with its statutory requirement to design its PTR program in a “competitively  
91 neutral manner.” ComEd’s Petition, draft tariffs and testimony do not provide any details  
92 describing how its PTR program will operate with customers of ARES. In ICEA’s  
93 opinion, ComEd must demonstrate, at an operational level, that its PTR program is  
94 competitively neutral between its customers and ARES customers.

95 **Q. Could you please provide some examples describing these operational issues?**

96 A. Yes. Outlined below are six examples.

97 1) **Bill Presentation:** Based on ComEd’s filing, it is impossible to know what PTR  
98 information or how PTR information will appear on ARES’ customer bills.  
99 During the stakeholder process, ComEd indicated that they would, “like to present  
100 the PTR rebate amount for each curtailment event as a separate line item on  
101 customer bill that shows the computations of usage reduction and the PTR amount  
102 for the curtailment period.” ComEd went on to state that it needs to consider  
103 existing bill space constraints and indicated that, “additional line items may  
104 require an additional bill page and increase the cost of processing and sending  
105 bills.”

106 In response to discovery, ComEd states that it, “[h]as not analyzed or designed the  
107 billing aspects of PTR yet. Nevertheless, ComEd hopes to include PTR credits as  
108 a separate line item for each event in either the ‘delivery services’ or ‘taxes and  
109 others’ section for both ComEd supplied customers and ARES supplied  
110 customers.” (ICEA DR No. 1.02)

111 As an initial matter, ComEd’s assertion that it “hopes” to include PTR credits as a  
112 separate line item is a far cry from demonstrating competitive neutrality. On a  
113 more practical level, ICEA is very concerned with how ComEd intends to present  
114 PTR information on a customer bill, especially if it requires an additional bill  
115 page and/or increases the cost of processing and sending bills. This is  
116 compounded by the fact that most ARES use ComEd’s Rider PORCB for billing.  
117 It is unclear at this time how PTR will operate under Rider PORCB.

118 ICEA believes that ComEd has a statutory obligation to demonstrate how PTR  
119 (both usage reductions and bill credits) will appear on customer bills, and how  
120 PTR will operate under Rider PORCB.

121 Finally, to the extent that Load Control Devices (“LDCs”) are included in  
122 ComEd’s PTR program, ComEd must explain in detail how these devices will be  
123 billed to ARES customers when Rider PORCB is used.

124 2) **Enrollment Channels:** According to ComEd, customers will be able to enroll in  
125 the PTR program using an “online channel.” For those customers without internet  
126 access, ComEd proposes, “a phone channel via both live agent and voice response  
127 unit (“VRU”) system.” ComEd also states that it will consider other enrollment  
128 channels such as a mobile application or text messages. (ComEd Ex. 2.0, lines  
129 101-106). While ICEA does not object to these forms of enrollment, ICEA does  
130 not believe that ComEd has complied with the “competitive neutral manner”  
131 provision of the statute since they have made no showing as to how ARES  
132 customers will enroll in PTR. First, it is not clear whether an ARES customer  
133 enrolls directly with ComEd or will go through their supplier. Second, ComEd  
134 has not demonstrated that it has developed the necessary methods and procedures  
135 to enroll ARES customers using either internet access or VRU. Presumably,  
136 enrolling customers will be required to use their account number. ComEd needs  
137 to demonstrate that an ARES customer will not be rejected from enrolling in the  
138 PTR program when the internet or VRU discovers that the customer is not on  
139 ComEd’s supply. Finally, since these are not ComEd’s customers, ICEA needs to

140 understand and review the script used by live agents to enroll ARES customers to  
141 ensure that live agents treat ARES customers in a competitive neutral manner.

142 3) **Termination of Service:** During the stakeholder process, ComEd stated that a  
143 customer may terminate PTR when the customer terminates the service, or  
144 ComEd terminates the service under Rider PTR, or if the customer moves. While  
145 ICEA does not object to these methods to terminate PTR, ICEA does not believe  
146 that ComEd has complied with the “competitive neutral manner” provision of the  
147 statute since they have made no showing as to how ARES customers will  
148 terminate PTR. For example, it is not clear whether an ARES customer, who  
149 wishes to terminate PTR, does so through ComEd or through their supplier.

150 4) **Curtailed Notifications:** During the stakeholder process, ComEd stated that  
151 they were, “working on the design of notification channels and would like to  
152 include the following: email, text, phone, and message posted on the website.”  
153 ComEd also stated that they were also considering, “other forms of mass media,  
154 including radio, TV, Facebook, and/or twitter.” While ICEA does not object to  
155 these forms of curtailment notifications, ICEA does not believe that ComEd has  
156 complied with the “competitive neutral manner” provision of the statute since  
157 ComEd has not completed its development. As a result, it is impossible to know  
158 if ARES customers will be treated in a “competitive neutral manner” as ComEd  
159 customers.

160 5) **Bill Credit Tracking and Balancing:** According to ComEd, “[T]o ensure that  
161 credits are fully funded by PJM over time and that these revenues are fully passed  
162 through to PTR customers, ComEd will establish a monthly tracking process to

163 track the revenue from PJM for PTR resources and the credits provided to PTR  
164 customers.” (ComEd, Ex. 1, 0, lines 356-362) Initially, ICEA notes that it  
165 appears that ComEd’s “monthly tracking process” has yet to be developed.  
166 Therefore, it is impossible to determine if it is competitively neutral relative to  
167 ARES customers. In addition, ComEd has not shown how the bill credit tracking  
168 and balancing process will work when an ARES supply is curtailed and ARES  
169 customers receive bill credits from PJM through ComEd.

170 6) **Marketing Plan:** During the stakeholder process, ComEd stated that its  
171 marketing messages, channels and strategies were under development. However,  
172 ComEd claimed that its guiding principle will be to make sure that customers  
173 receiving an AMI meter are aware of PTR benefits. Finally, ComEd stated that  
174 some marketing tactics being considered include direct mail, telemarketing, and  
175 bill inserts. While ComEd’s marketing process is still under development, ICEA  
176 reiterates that whatever marketing plan is adopted, ARES customers must be  
177 treated in the same manner as ComEd customers.

178 In short, ICEA believes that ComEd has not complied with its statutory directive  
179 and demonstrate that its PTR program is designed in a “competitively neutral  
180 manner.” As discussed above, there are critical operational components to the  
181 program that have yet to be developed. In other instances, ComEd has not  
182 provided sufficient details to make an informed decision. As a result, ICEA  
183 respectfully requests that the Commission reject ComEd’s proposed Rider PTR.

184 **Q. Do you have any other concerns with ComEd’s operational approach to PTR?**

185 A. Yes. ComEd recently disclosed that it will rely on a third-party vendor to “manage  
186 enrollment, rebate calculation, and other aspects of the program.” (Staff DR No. BAP  
187 1.01). ICEA is concerned that ComEd did not disclose this key operational aspect of  
188 their PTR in any direct testimony. Outsourcing the PTR program, which is a statutory  
189 requirement, should have been disclosed long ago by ComEd or at least in their direct  
190 testimony; and not in the form of a response to a data request. On a more practical level,  
191 ComEd has not identified who the third party will be and therefore ICEA is not in a  
192 position to determine if they are qualified or not. Nor has ComEd provided any  
193 information on how the third party vendor will comply with the competitively neutral  
194 requirement. As a result, ICEA cannot ascertain whether the vendor has the necessary  
195 methods and procedures to ensure that all PTR customers are treated in a competitively  
196 neutral manner. Finally, even if a showing could be made for the third party vendor,  
197 ComEd itself has not made a sufficient showing as to their ability to comply with the  
198 statutory requirement when they bring the PTR program in-house which they assert will  
199 begin in 2016-2017.

200 **III. Statutory Requirements Pertaining to Cost Recovery**

201 **Q. What are the statutory requirements governing ComEd’s ability to recover the costs**  
202 **of the PTR program?**

203 A. The enabling statute allowing ComEd to recover its PTR costs is also found in subsection  
204 16-108.6(g). This subsection provides, in pertinent part, that:

205 “Within 60 days after the Commission approves a participating utility’s AMI  
206 Plan pursuant to subsection (c) of this Section, the participating utility, after  
207 consultation with the Smart Grid Advisory Council, shall file a proposed tariff  
208 with the Commission that offers an opt-in market-based peak time rebate

209 program to all residential retail customers with smart meters that is designed to  
210 provide, in a competitively neutral manner, rebates to those residential retail  
211 customers that curtail their use of electricity during specific periods that are  
212 identified as peak usage periods. The total amount of rebates shall be the  
213 amount of compensation the utility obtains through markets or programs at the  
214 applicable regional transmission organization. The utility shall make all  
215 reasonable attempts to secure funding for the peak time rebate program  
216 through markets or programs at the applicable regional transmission  
217 organization.”

218 Subsection 16-108.6(g) contains two provisions related to cost recovery; one to recover  
219 the cost of the rebates and the other to recover the cost associated with funding the  
220 program. For both categories, the statute provides clear and unambiguous direction to  
221 ComEd to seek recovery of all PTR costs from the “applicable regional transmission  
222 organization.”

223 **Q. In your opinion, does ComEd’s PTR filing comply with the statutory requirement**  
224 **for recovering the cost of the rebates?**

225 A. While I am not an attorney, I believe that ComEd has complied with the cost recovery  
226 requirement for rebates.

227 The statute states that, “[T]he total amount of rebates shall be the amount of  
228 compensation the utility obtains through markets or programs at the applicable  
229 regional transmission organization.” According to ComEd, it will bid its PTR  
230 program into the PJM Interconnection LLC (“PJM”) Demand Response markets  
231 and use those revenues to fund customer rebates. (See ComEd Ex 1.0, lines 139-

232 142 and 268-277 and Ex. 2.0, lines 55-57). Based on these statements, it appears  
233 that ComEd's proposal complies with this portion of the statute.

234 On the other hand, ComEd's filing ignores the statutory directive to recover the cost for  
235 funding the PTR program from PJM.

236 **Q. Before you talk about recovering the costs to fund the PTR program, can you please**  
237 **provide a sense of the amount of costs ComEd may seek to recover?**

238 A. No, because it's not entirely clear what the level of costs will be.

239 In its filing, ComEd failed to provide any information regarding the cost to  
240 implement its PTR program. However, in response to one of staff's data  
241 requests, ComEd admits that it has estimated the costs of the PTR program but  
242 only at a "high level." (Staff DR No. DAB 1.01). In response to another data  
243 request, ComEd provides annual cost estimates beginning in 2012 through 2032.  
244 These costs include Administration and Promotion, one-time IT capital costs, one-  
245 time IT O&M costs, and ongoing IT O&M costs. Based on this table, ComEd  
246 estimated that its PTR program will cost \$2,284,779 in 2012, \$441,743 in 2013  
247 and \$1,972,680 in 2014. (Staff DR, No. AAA 1.02 Supp.)

248 On April 23, 2012, ComEd submitted annual PTR cost estimates in Docket No. 12-0298  
249 showing 2012 costs to be \$11,619,350, 2013 costs to be \$7,736,820 and \$4,830,440 in  
250 2014.

251 Based on this information, it appears that ComEd's estimated PTR implementation costs  
252 fell from \$24,186,610 to \$4,699,202 in just over five months. While ICEA supports this  
253 drop in costs, ICEA has little confidence in their accuracy due to the wide variance.

254 This uncertainty is compounded by the fact that ComEd proposed to delay PTR  
255 implementation for one year or until June 1, 2015. Using the April 2012 cost estimates,  
256 the total implementation costs from 2012 through 2015 is estimated to be \$29,205,437  
257 while the October 2012 cost estimates for the same time frame is \$6,757,092. Given  
258 these fluctuations in cost estimates, ICEA has no idea what ComEd's PTR costs will be  
259 by June 1, 2015. Under the best of circumstances, the costs will continue to trend  
260 downward. On the other hand, they could also go back to the April 2012 levels at which  
261 point ComEd will be attempting to recover over \$29 million in PTR related costs in the  
262 first year of the program. This is very concerning to the members of ICEA. If the  
263 Commission were to adopt ComEd's cost recovery proposal, ARES customers will be  
264 responsible for a large portion of these costs. Therefore, ICEA requests that the  
265 Commission reject Rider PTR until reliable cost estimates are available for review by all  
266 parties.

267 **Q. Putting aside the question about accurate PTR cost estimates, in your opinion, does**  
268 **ComEd's cost recovery approach comply with the requirements of the statute with**  
269 **respect to funding the PTR program?**

270 A. Again, while I am not an attorney, I do not believe ComEd has complied with the  
271 statutory requirements.

272 **Q. Please explain.**

273 A. Similar to recovering the cost of the rebates, the enabling statute states that, "[T]he utility  
274 shall make all reasonable attempts to secure funding for the peak time rebate program  
275 through markets or programs at the applicable regional transmission organization."  
276 ComEd ignores this statutory directive and instead "proposes to recover the costs of

277 implementing the PTR program, including start up and administrative costs and the cost  
278 of preparing the evaluation reports to the Commission, from all residential customers  
279 through their delivery service charges.” (ComEd, Ex. 1.0, Lines 322-334 and Petition at  
280 4, emphasis added) Stated differently, ComEd seeks to recover its PTR cost from  
281 residential customers even though the statute directs ComEd to recover its cost from  
282 PJM.

283 ComEd cites subsection 16-108.5(c) in support of its position to recover these costs from  
284 all residential ratepayers. However, this citation is completely unfounded.

285 First, this proceeding is limited to ComEd’s statutory requirement to file a tariff to  
286 implement and administer an opt-in market-based demand response; a program designed  
287 to encourage residential retail customers to curtail their usage during specified peak usage  
288 periods in exchange for bill credits. This statutory requirement also directs ComEd to  
289 participate in the PJM markets to recover its cost to fund the program. In contrast,  
290 subsection 16-108.5(c) outlines a new ratemaking framework that allows participating  
291 utilities to recover delivery costs through a performance-based formula rate approved by  
292 the ICC. Specifically, this section requires ComEd to invest capital to upgrade and  
293 modernize its distribution infrastructure as well as invest in a Smart Grid electric system.  
294 While ICEA agrees that this subsection authorizes ComEd to upgrade its infrastructure  
295 with additional smart meters, it says nothing about PTR.<sup>1</sup>

296 Second, the ICEA believes that the intent of the General Assembly is clear. All statutory  
297 discussion related to PTR, including cost recovery, is restricted to subsection 16-  
298 108.5(g). In contrast, subsection 16-108.5(c) does not contain any discussion regarding

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<sup>1</sup> In addition, the question of whether ComEd may operate under a performance-based formula rate is currently being litigated in Docket No. 11-0721.

299 PTR, let alone recovery of costs. Even if an argument could be constructed to support its  
300 position, ComEd fails to articulate any reason why this subsection would trump the  
301 specific cost recovery language in subsection 16-108.5(g). If ComEd were correct, there  
302 would be no reason for the General Assembly to include these specific cost recovery  
303 provisions in subsection 116-108.5(g).

304 Finally, it appears that ComEd understands that its cost recovery position lacks statutory  
305 support. Mr. Garcia uses subsection 116-108.5(g) to detail his understanding of the  
306 statutory requirements of the PTR program. It is interesting to note that Mr. Garcia  
307 outlines every statutory requirement **except** the provision governing recovering its cost to  
308 fund the program. (ComEd Ex. 1, lines 135-147). Notably, Mr. Garcia omits any  
309 discussion of this provision until much later in his testimony at which point he makes  
310 known that ComEd is relying on a different subsection.

311 The fundamental question before the Commission is whether to ignore the statute and  
312 adopt ComEd's proposal that all residential customers pay for ComEd's PTR  
313 implementation costs; or follow the direct and unambiguous language in subsection 16-  
314 108.6(g) and have ComEd seek recovery from PJM.

315 **Q. Besides violating the cost recovery provisions of subsection 16-108.6(g), are there**  
316 **other problems with ComEd's approach to recovering the costs to fund the PTR**  
317 **program?**

318 A. Yes. ComEd's proposal virtually ensures that ARES will not be able to compete in this  
319 market. Assuming that an ARES develops a demand response program, it will be  
320 required to recover these costs from those residential customers that purchase this  
321 product. At the same time, if ComEd's proposal is accepted, all residential customers

322 will pay for PTR, including ARES's customers. As a result, ARES customers will be  
323 forced to pay twice for demand response – once for the RES's product and once for  
324 ComEd's PTR. To compound this anticompetitive affect, according to ComEd, only  
325 those customers with a smart meter are eligible to receive bill credits as a result of  
326 reducing their usage during peak usage periods. (ComEd Ex. 1.0, line 184) Therefore,  
327 any ARES customer without a smart meter will not receive any bill credits. As a result,  
328 in addition to paying twice for demand response, ARES customers will not receive any  
329 PTR benefits. If ComEd's proposal is adopted, ARES's will not be able to compete with  
330 ComEd and would therefore choose not to deploy a demand response product.

331 **Q. Do you have any other concerns with respect to ComEd's cost recovery proposal?**

332 A. Yes. ICEA understands that ComEd is required to bid its PTR resources into PJM's  
333 capacity auction based on the forecasted amount of load response. ICEA also  
334 understands that if ComEd's actual load response is below its forecast, PJM will impose a  
335 penalty equal to 20% of the payment for each kW of shortfall. At the same time, if  
336 ComEd's actual load response is above its forecast, PJM will not pay for the additional  
337 load response. (June 19, 2012 Stakeholder Presentation, ComEd Ex. 1.0, line 272-274  
338 and Staff DR No. JZ 2.02).

339 It is unclear from its filing how ComEd proposes to recover these PJM imposed penalties  
340 resulting from forecasting errors. However, if ComEd's position is that all residential  
341 customers pay for PJM penalties, then ICEA strongly objects. There is no possible  
342 reason for any residential customer to compensate ComEd for its own forecasting errors.

343 **IV. ComEd's Proposed Timeline**

344 **Q. What is your understanding of ComEd's proposed timeline for the PTR program?**

345 A. Initially, ComEd proposed a timeline that would allow it to participate in the 2014/2015  
346 PJM planning year. (ComEd Ex. 2.0, lines 64-71) In its Supplemental Direct Testimony,  
347 ComEd proposed to postpone the PTR program for one year and stated that, “[t]he initial  
348 enrollment period would begin October 1, 2014 and end on April 30, 2015, with the first  
349 Curtailment Periods being called during the 2015/2016 PJM Planning Year, which begins  
350 on June 1, 2015.” (ComEd Ex. 3.0, lines 24-26)

351 While ComEd has proposed to delay the implementation date for PTR program, ComEd  
352 continues to request a Commission order by March 1, 2013.

353 **Q. What is the significance with a Commission Order by March 1, 2013?**

354 A. According to ComEd, a March 1, 2013 Order approving the PTR program is necessary,  
355 “[s]o that ComEd has sufficient time to prepare for the May 2013 auction.” (Id, lines 86-  
356 87)

357 **Q. Do you agree with ComEd’s assessment?**

358 A. No. Beyond its unsupported assertion that it requires sufficient time to prepare for the  
359 auction, ComEd has not described in any detail why a Commission decision is needed  
360 two (or three) years prior to implementation. ICEA assumes that if this date was critical  
361 to PTR implementation, ComEd would provide facts and a detailed analysis. However,  
362 there is absolutely no discussion as to why the Commission should approve these tariffs  
363 by March 2013.

364 In addition, while I am not a PJM expert, I believe that ComEd is free to “prepare” for  
365 PJM auctions irrespective of a Commission PTR Order. According to its response to  
366 CUB’s discovery, ComEd has participated in and has received revenue from various PJM  
367 demand response programs including: the Reliability Pricing Model (RPM) capacity

368 auctions and the Interruptible Load for Reliability Program (ILR); different various Base  
369 Residual Auctions and Incremental Auctions; and has bid capacity from its AC Cycling  
370 program and Rider CLR into PJM capacity markets. (CUB DR No. 3.01) There is no  
371 reason to assume that ComEd needs a Commission order by March 2013 to “prepare” for  
372 the PJM auction given its undisputed history bidding resources into various PJM’s  
373 demand response programs.

374 In addition, ComEd is still in the process of analyzing various methodologies for  
375 determining a Customer Baseline Load (CBL) Profile. (ComEd Ex. 2.0, lines 206-221)  
376 According to ComEd, the CBL is an estimate of the hourly loads of the customer during  
377 any curtailment period absent any curtailment response and accurately estimating the  
378 baseline “is critical to the success of the program.” (Id.) It is interesting to note that  
379 ComEd does not require a March 2013 Commission order approving its tariffs as a  
380 prerequisite for beginning the preparation for this critical component of the PTR  
381 program.

382 Finally, it appears that ComEd is prevented from bidding its PTR resources into PJM’s  
383 Demand Resources programs until its CBL is developed and approved by both PJM and  
384 the Commission. ComEd states that its CBL methodology must be approved by PJM.  
385 ComEd also states that its CBL methodology must be filed and approved by the  
386 Commission. (ComEd, Ex. 3.1, 2<sup>nd</sup> Revised Sheet No. 351) Finally, ComEd states that it  
387 will file a petition with the Commission for approval of its CBL methodology in February  
388 2014. (ComEd Ex. 1.0, line 315) Based on this information, the status of the PTR tariff  
389 is irrelevant. Until ComEd has filed its CBL methodology and obtained approval from

390 both the Commission and PJM, ComEd is prohibited from implementing its PTR  
391 program.

392 **V. Conclusion**

393 **Q. Does this conclude your testimony?**

394 **A. Yes.**

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