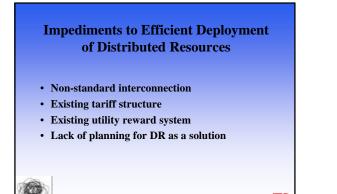


Distributed Generation in Competitive Gas and Electricity Markets

- Impediments to efficient deployment of distributed resources
- · Pricing of stand-by power
- Cost recovery issues
- Planning for DG: the role of the utility, ESP, IPP and the ISO





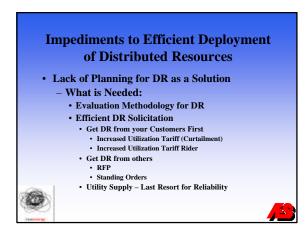
Impediments to Efficient Deployment of Distributed Resources

Existing Tariff Structure

– What is needed:

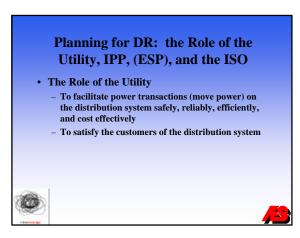
- Unbundled energy, transmission, distribution, other services
- Time-of-Use
 - (proxy for system loading)
- Firm and non-Firm service
 - Firm Loads require expansion of system
 Non-Firm Loads require curtailment instead of expansion
 - Increased Utilization Tariff (Curtailment)

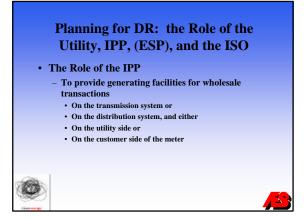


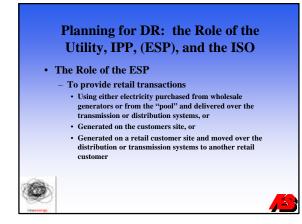












Planning for DR: the Role of the Utility, IPP, (ESP), and the ISO

- The Role of the ISO
 - To facilitate power transactions using the transmission system; and
 - To act as "control area" operator
 - Includes distribution area
 - Schedules wholesale and retail transactions
 - Provides other services for purchase
 Ancillary services
 - Imbalance energy



- DR is "HOT"; It's a NOW Issue!
- The Promise is Great
- Customers are willing to include DR as part of their Solution
- The Barriers are Sturdy
- The time is RIGHT for Policy-makers to address DR's participation in the NEW ELECTRIC MARKET



