

**BEFORE THE DEPARTMENT OF PUBLIC UTILITIES OF THE
COMMONWEALTH OF MASSACHUSSETS**

Investigation by the Department of Public
Utilities on its own Motion into Rate
Structures that will Promote Efficient
Deployment of Demand Resources

D.P.U. 07-50

INITIAL COMMENTS OF EnerNOC, INC.

Pursuant to the Department of Public Utilities (“Department”) Order of June 22, 2007 (“Order”), in the above-referenced docket, EnerNOC, Inc. (“EnerNOC”) hereby notes its participation in this proceeding as an Interested Party, and submits the following Initial Comments.

I. Background

EnerNOC is a leading demand response resources and energy management services provider throughout North America. EnerNOC, headquartered in Boston, currently has more than 756 MW of demand response resources under management, and more than 886 MW of demand response under contract across approximately 1850 sites nationwide. EnerNOC is an active participant in the demand response programs of ISO New England. We actively



enroll commercial and industrial customers in Massachusetts in ISO New England's demand response programs. We also participate in a wide range of reliability-based demand response programs, capacity, energy, and ancillary services markets throughout North America.

II. Comments

EnerNOC has no substantive comments at this time in response to the questions presented in the Department's Order about the straw proposal presented therein. We reserve the right to submit reply comments, as appropriate, and to participate fully in this proceeding as it unfolds.

EnerNOC generally supports policies that lower barriers to demand side participation in electric markets and encourage reducing overall demand (energy efficiency) and peak demand (demand response). Demand response and energy efficiency efforts are inextricably linked measures aimed at increasing the efficiency and reliability of the electric grid. Customer demand response efforts during peak periods invariably lead to greater energy efficiency at all times and in all seasons, and vice versa. Demand response is an essential customer gateway to leveraging greater energy efficiency than would otherwise be available with energy efficiency efforts alone. This is because the increased customer attention and awareness of electric consumption that comes with active participation in demand response programs inevitably leads to more efficient customer utilization of electric energy. Demand response programs also enable customers to make economic investments in technologies and



services that can improve energy efficiency and reliability (such as energy management systems and services, and clean on-site generation). We encourage the Department to bear in mind this crucial relationship in its consideration of decoupling policy.

In its development of decoupling policy, the Department must ensure competitive neutrality in order to encourage wide spread participation and innovation in demand side offerings to customers. Decoupling policy must realign regulatory incentives to the utilities so that those utilities are properly motivated to create a favorable environment for demand side initiatives, while ensuring that the fundamental principle of competitive neutrality is maintained for deployment of demand resources in an open retail market.

The Department must ensure that decoupling does not create exclusivity or preferential treatment or any other unfair advantage to utilities seeking direct participation in demand side programs. Allowing utilities to enjoy special advantages will undermine the effectiveness of the Department's overall objectives to promote energy efficiency, conservation, and the wise use of energy resources. If utility-only advantages are incorporated into program design, it will be a deterrent to third-party retail competition who would otherwise want to participate in demand side programs in the Commonwealth. Fewer competitors will result in fewer customer options, lower overall participation, and lessened ratepayer benefits.



III. Participation in a Panel

On page 26 of the Order, the Department invites interested parties to express in these comments their willingness and interest in participating in anticipated panel presentations in public hearings during the weeks of September 17th and September 24th, 2007. EnerNOC has a number of qualified experts in all aspects of the demand response industry who can be available to testify on matters of interest to the Department. EnerNOC would provide an overview of demand response programs in Massachusetts and New England, the value of demand response in terms of economic savings and reliability, and the relationship between demand response and energy efficiency. The undersigned will serve as EnerNOC's point of contact for Department staff to select the appropriate EnerNOC witness to testify on the panel subject matter.

Respectfully submitted,

/s/

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