

TRAVERSE CITY LIGHT and POWER DEPARTMENT

REGULATION ON THE AGGREGATION OF DEMAND RESPONSE FOR RETAIL CUSTOMERS.

ALL RETAIL CUSTOMERS OF THE TRAVERSE CITY LIGHT AND POWER DEPARTMENT SHALL BE SUBJECT TO THE FOLLOWING:

The Federal Energy Regulatory Commission has issued Order No. 719, 125 FERC ¶ 61,071, 73 Fed. Reg. 64,099 (October 28, 2008). Pursuant to Order No. 719, 18 C.F.R. § 35.28(g)(1)(iii) provides: “Each Commission-approved independent system operator and regional transmission organization must permit a qualified aggregator of retail customers to bid demand response on behalf of retail customers directly into the Commission-approved independent system operator’s or regional transmission organization’s organized markets, unless the laws and regulations of the relevant electric retail regulatory authority expressly do not permit a retail customer to participate.”

Also pursuant to Order No. 719, 18 C.F.R. § 35.28(g)(1)(i)(A) provides: “Every Commission-approved independent system operator or regional transmission organization that operates organized markets based on competitive bidding for energy imbalance, spinning reserves, supplemental reserves, reactive power and voltage control, or regulation and frequency response ancillary services (or its functional equivalent in the Commission-approved independent system operator’s or regional transmission organization’s tariff) must accept bids from demand response resources in these markets for that product on a basis comparable to any other resources, if the demand response resource meets the necessary technical requirements under the tariff, and submits a bid under the Commission-approved independent system operator’s or regional transmission organization’s bidding rules at or below the market-clearing price, unless not permitted by the laws or regulations of the relevant electric retail regulatory authority.”

Under the Charter of the City of Traverse City, Section 176, the Light and Power Board has exclusive jurisdiction over the TCL&P Department, including the establishment of rates and the adoption of regulations governing the provision of electric power to customers inside and outside of the City.

The Traverse City Light and Power Board determines that it would be harmful to the demand response in the system, and the collective interests of the Department, as a load-serving entity with an obligation to serve at retail, and the TCL&P’s retail customers to permit any entity other than TCL&P itself or its authorized designee to aggregate demand response on behalf of its retail customers.

The Traverse City Light and Power Board, as the electric retail regulatory authority for the Department, determines it to be desirable that the aggregation of demand response on behalf of retail customers served by the public power system to be bid directly into the organized electric and ancillary services markets administered by MISO, or its successor

independent system operator or regional transmission organization, be performed by TCL&P.

1. Aggregation of Retail Customer Demand Response.

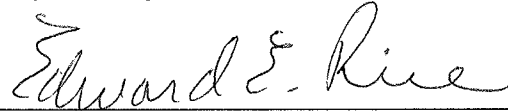
- A. The Traverse City Light and Power Department, or its authorized designee, is the sole entity permitted to bid demand response on behalf of retail customers served by TCL&P directly into any Commission-approved independent system operator's or regional transmission organization's organized electric markets.
- B. Retail customers served by the Traverse City Light and Power Department wishing to bid their demand response into a Commission-approved independent system operator's or regional transmission organization's organized electric markets may do so by participating in the program established by TCL&P or its authorized designee. Retail customers are not permitted to participate in the demand response program of any other entity without the express prior authorization of TCL&P.

2. Ancillary Services Provided by Demand Response Resources.

- A. The Traverse City Light and Power Department or its authorized designee is the sole entity permitted to bid demand response on behalf of retail customers served by TCL&P directly into any Commission-approved independent system operator's or regional transmission organization's organized markets for energy imbalance, spinning reserves, supplemental reserves, reactive power and voltage control, or regulation and frequency response ancillary services (or its functional equivalent in the Commission-approved independent system operator's or regional transmission organization's tariff).
- B. Retail customers served by the Traverse City Light and Power Department wishing to bid their demand response into a Commission-approved independent system operator's or regional transmission organization's organized markets for energy imbalance, spinning reserves, supplemental reserves, reactive power and voltage control, or regulation and frequency response ancillary services (or its functional equivalent in the Commission-approved independent system operator's or regional transmission organization's tariff) may do so by participating in the program established by TCL&P or its authorized designee. Retail customers are not permitted to participate in the demand response program of any other entity without the express prior authorization of TCL&P.

This Regulation shall take immediate effect.

I hereby certify that the above Regulation was adopted on Feb. 10, 2009, at the regular TCL&P Board meeting held in the Commission Chambers, Governmental Center, 400 Boardman Avenue, Traverse City, Michigan.

A handwritten signature in cursive script that reads "Edward E. Rice". The signature is written in black ink and is positioned above a horizontal line.

Edward E. Rice
Secretary
Traverse City Light & Power Board