



**CONSUMER  
POWERLINE**

MADRI

Distributed Energy  
Resources Workshop

June 5, 2006

# Introduction

- ConsumerPowerline is the leading provider of Demand Response in the country.
- Actively participating in New York, New England, California and PJM – we have experience in many market structures and have found common themes that enable participation.
- We urge the Public Utility Commissions to act on the recommendations from MADRI, but would like to highlight some key obstacles and elements that maybe determining factors in ensuring demand response participation.

## DR Considered Equal to Generation

- To realize the full value of Demand Response, it must be treated the same as generation.
- Demand Response resources respond statistically.
  - Just as reliable as power, without transmission constraints.
- Distributed Resources are spread out, risk is lessened and there is no “line loss”.
- Demand Response resources are also more targeted grid release than generation resources.

## Not All DR is Created Equal

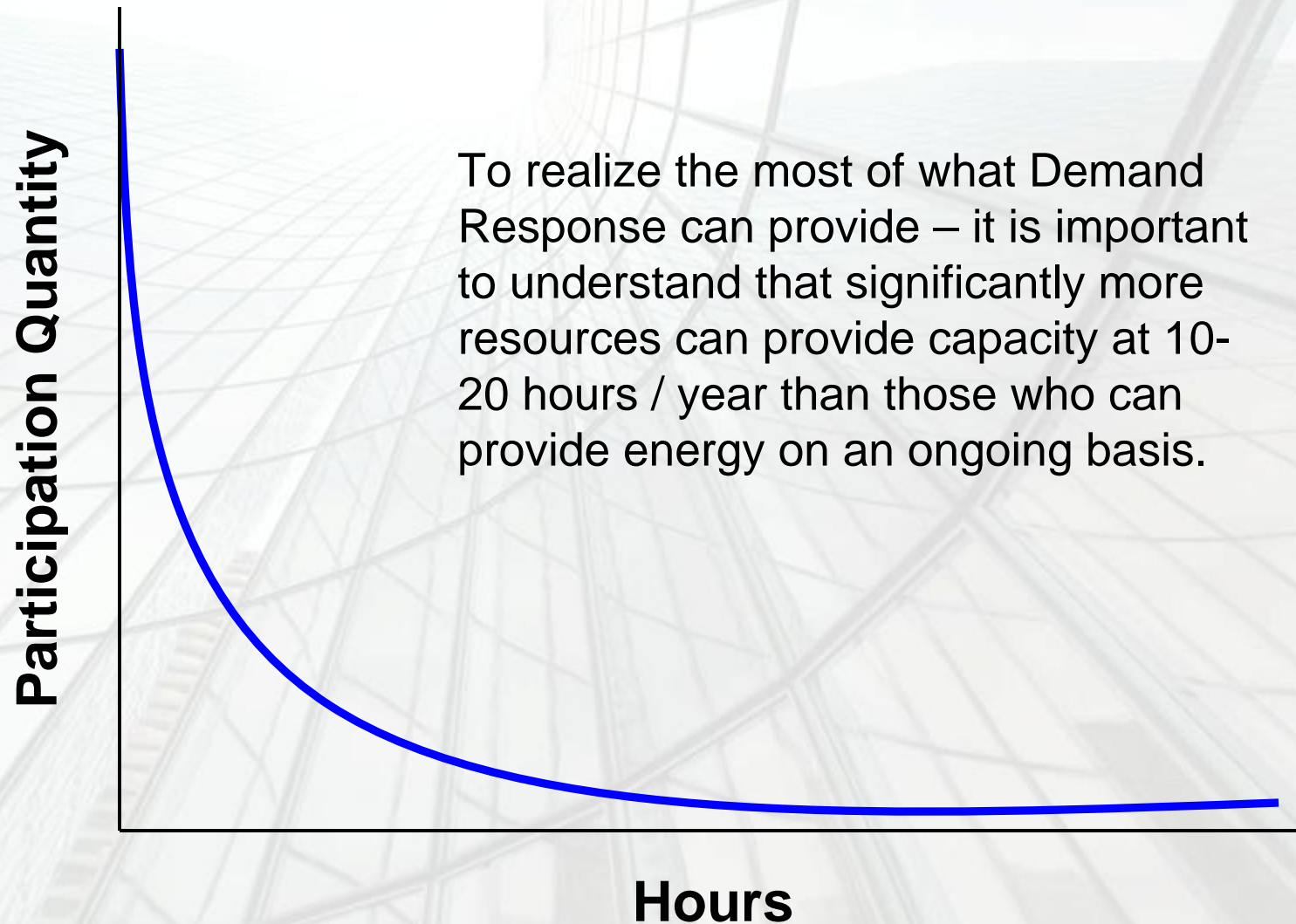
- Demand Response resources are not all equal: Different variations of programs are needed to capture all customers.
  - Residential, Commercial, Industrial, Institutional, Retail... Etc.
- Understand the details of how a customer thinks and how a customer operates.
  - Time of decision to reduce load differs: night prior, start of business, immediately able to make changes.
  - Some customers will respond to high prices, others upon notification of an emergency.

## Reliability vs. Economic Programs.

- It is extremely important to understand the difference between reliability and economic programs.
- **Reliability:** Is providing needed relief when the reliability of the electric grid is in jeopardy – Insurance Policy.
- **Economic:** Responding to favorable market conditions, high prices – The Energy Market.
- Having both Reliability and Economic programs enable demand response to participate in both the energy and the capacity market.

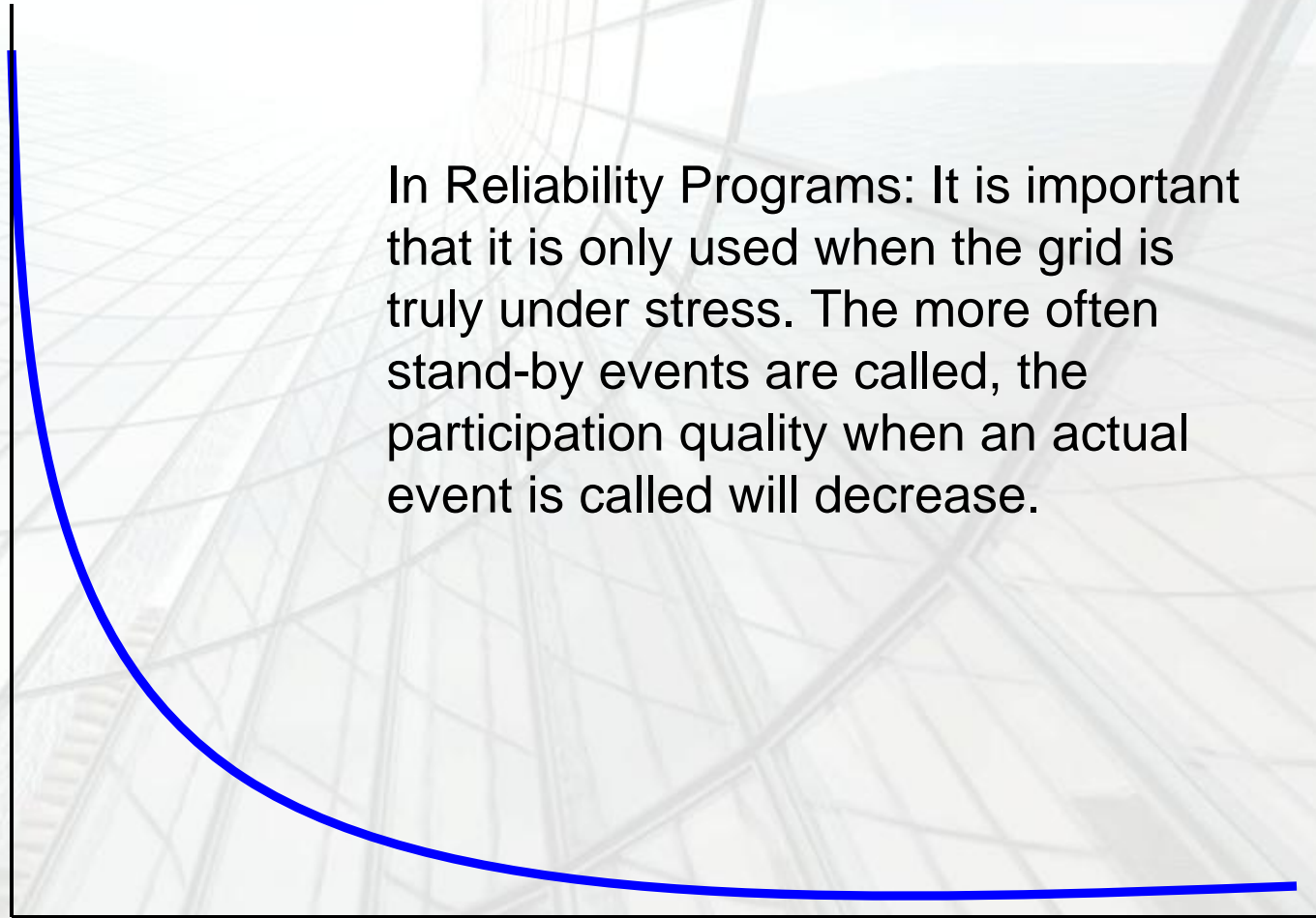
# Reliability vs. Economic; Participation

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# Maintaining Participation Quality

Participation Quality



In Reliability Programs: It is important that it is only used when the grid is truly under stress. The more often stand-by events are called, the participation quality when an actual event is called will decrease.

# of Calls or Stand-Bys

# Equal Opportunity

- In both Pilot Programs and full DER programs, it is important that equal opportunity is given to all.
  - No sole-sourcing contracts to either utilities or DER providers.
- Programs need to be subject to clear market forces – competition provides greater value to the end-user as well as the grid.
- Within any program there must be clear and reasonable **standard** requirements for pricing, performance and measuring/metering.

- Without transparency in the programs and the energy markets, participation will be limited.
- Utility billing information must be made easily available to the end-users.
  - This information enables smart energy decision making, without it, customers do not understand the implications of their actions nor the value they provide.
- Example of large consumer in California who reduced load and ended up with greater annual energy costs.

# Enabling Factors

- Effective communication from PUCs to end users.
  - Customers need to know the programs exist and have easy access to the details of the programs.
- Incentives – Metering permits smart energy decisions and frequent participation.
  - Metering is expensive and incentives can remove this barrier to market entry.
- Recognizing the bottlenecks in the process and providing incentives or removing disincentives to address these problems.

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