

## DEMAND RESPONSE COLLABORATIVE DIALOGUE

Sunday, November 12, 2006

10:00 a.m.—12:30 p.m.

*Talking Points for Jeanne M. Fox  
President, NJ Board of Public Utilities*

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*What we're doing in New Jersey:*

- 1) Air Conditioning Cycling Programs
  - 2) Load Management Program for Large C&I Customers
  - 3) Combined Heat & Power (CHP) 2006 Program
  - 4) State Technology Advancement Collaborative (STAC) Project – Promoting DER
  - 5) Possibility of setting a Demand Response Portfolio Standard
  - 6) Recent hire of a Business Ombudsman and Business Advocate
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1) New Jersey has continued to support the **Air Conditioning Cycling Programs** – utility “legacy” programs that are operated for both reliability and economic reasons:

- Currently, over 200,000 residential and a small number of commercial customers.
- When needed, can provide a reduction of approximately 240 MW of load.
- Each of the utilities—PSE&G, JCP&L and ACE—operate their own Cycling Program, but the programs are coordinated and cycling events are based upon the same criteria.
- Cycling can be triggered by emergency conditions within PJM or for economic reasons.
- Two of the three programs are enrolled in PJM programs and receive capacity credits for the load reduction.
- The state’s utilities have been ordered to file plans by March 2007 to improve and expand the state’s existing “legacy” Air Conditioning Cycling programs.

2) The BPU intends to issue an RFP, through the Department of the Treasury, for a **Load Management Program for Large Commercial and Industrial Customers:**

- The BPU has decided to accelerate the demand for load management services within New Jersey, thereby lowering electricity bills and saving customers money.
- The intention is to “jump start” the competitive demand response market.
- Will assist large C&I customers (exposed to variable pricing) in reducing energy consumption or shifting electricity use from peak to non-peak hours.

- Objective is to provide a maximum amount of peak reduction that will help lower LMPs for all customers within the zone.
- The aggregated demand response will be enrolled in the existing PJM Demand Side Response programs and any new market-based opportunities.

3) New Jersey is particularly proud of our “clean” demand response programs, including the Clean Energy Program’s **Combined Heat and Power (CHP) 2006 Program**.

- One of the goals of the State of New Jersey is to enhance energy efficiency through on-site power generation with recovery and productive use of waste heat, and to reduce existing and new demands to the electric power grid by providing financial incentives for CHP installations.
- Incentives provided by the Clean Energy Program vary based on CHP technology, type, project size and total project cost.

4) Our **STAC Project** is exploring how or what utility business rules need to change to make all of our Load Management options—EE, Load Management and “clean” demand response—successful beyond just rebates.

- The STAC Project will build upon and expand work currently underway in New Jersey that is providing the BPU a baseline evaluation of existing distributed energy resources (DER), related policy issues and methods of reducing financial, regulatory and technical barriers to DER.
- Will also help to establish clear, concise and standardized rules and policies within the Mid-Atlantic States (including NY) for DER within the wholesale reliability market.

5) There is also interest within the Clean Energy Program to set a **Demand Response Portfolio Standard**.

- It would be a standard set in regulations (or, at minimum, a Board Order) – something with teeth that can be used as a basis for establishing a financing system for implementing load management.
- This is relatively easy to establish, for it looks a lot like an RPS and can be set up the same way.

6) Recent hire of a **Business Ombudsman and Business Advocate**

- With relation to demand response initiatives, the Office of the Business Ombudsman will assist C&I customers in identifying strategies that would be most effective in helping to reduce or shift load.