



Status Report on FERC Demand Response Activities

**NARUC-FERC Demand Response Collaborative
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The author's views do not necessarily represent the views of the Federal Energy Regulatory Commission

FERC Demand Response Activities

- 2008 FERC Demand Response Report
- Wholesale Competition Final Rule (Order 719)
- National Assessment of Demand Response
- National Action Plan on Demand Response

2008 FERC Demand Response Report

Advanced Metering

- 2008 national advanced metering penetration is 4.9%
 - Increase from less than one percent in 2006
- Peninsular Florida has the highest penetration and shows the largest increase in penetration from 2006
- Penetration increased industry-wide
 - Cooperatives have the highest advanced metering penetration – almost 17 percent

2008 FERC Demand Response Report

Demand Response Potential

- Total U.S. potential demand response resource contribution from demand response programs is estimated to be close to 41,000 MW
 - Increase of 3,400 MW since 2006
 - 5.8 percent of total United States non-coincident peak demand
- The regions with the largest potential -- Mid-Atlantic, Midwestern, and Southeastern U.S.

2008 FERC Demand Response Report

Regulatory Barriers

- Actions have been taken on the following barriers
 - Ten states have adopted policies that decouple changes in utility revenue with changes in sales volume for at least one utility
 - NARUC-FERC Demand Response and Smart Grid Collaboratives are active
 - North American Energy Standards Board, state electric regulatory commissions, and several regional research entities are examining measurement and verification
- Barriers remain for the following
 - Disconnect between fluctuating wholesale prices and fixed retail prices
 - Restrictions on customer access to meter data
 - Cost recovery for the deployment of enabling technologies
 - Limited variety of demand response programs

Wholesale Competition Final Rule (Order 719)

- Order 719 was issued on October 16, 2008
- Demand response provisions require RTOs and ISOs to:
 - Accept bids from demand response resources in their markets for certain ancillary services, on a basis comparable to other resources;
 - Eliminate, during a system emergency, certain charges to buyers in the energy market for voluntarily reducing demand;
 - Permit ARCs to bid demand response on behalf of retail customers directly into the RTO's or ISO's organized markets, unless the laws or regulations of the relevant electric retail regulatory authority do not permit a retail customer to participate; and
 - Modify their rules governing price formation during periods of operating reserve shortage to allow the market-clearing price during periods of operating reserve shortage to more accurately reflect the true value of energy.

National Demand Response Assessment

- Project underway --
 - Literature on barriers to demand response reviewed
 - Methodology to estimate demand response potential is under development
 - Data collection in process, with focus on state-level data
- Specific Data needs:
 - Central air conditioner saturation data by state or utility
 - Hourly load shapes by rate class
- Report will be released by June 17, 2009

Demand Response National Action Plan

■ Project Underway

- Initial outreach completed
- Preliminary outline of the Demand Response National Action Plan is under development
- Outreach and feedback on preliminary outline will be conducted on through 2Q 2009

■ Future Plans

- Prepare and release Initial Draft of the National Action Plan by 3Q 2009
- Conduct National Action Plan Technical Conference
- Prepare and publicly circulate Draft National Action Plan
- Publish Final National Action Plan by June 2010
- Submit to Congress, with DOE, proposal to implement National Action Plan by December 2010

Questions?

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