



EQL Memorandum

Date: June 16, 2016
To: John Ollis
From: Ken Nichols, Principal, EQL Energy, 503 438 8223, ken@eqlenergy.com

Re: Comments on the Scope for Demand Response Advisory Committee and the Appropriateness of a System Integration Forum

EQL Energy appreciates the efforts of the Council staff and members to promote all cost effective distributed resources, technologies, and policies that support its mission. Towards this mission, we support the creation of the Demand Response Advisory Committee (DRAC) and directional support for the System Integration Forum (SIF) with some questions and comments regarding its purpose and commitment of critical stakeholders. We welcome the opportunity to assist by serving on the DRAC, and contribute to a SIF.

Since 2010, I've been an active supporter for the development and integration of Demand Response (DR) and Distributed Energy Resources (DER) in the Pacific Northwest. The value of DR and DER to the regional system and distribution utility continue to increase as policymakers, customers and utilities consider their respective price points for adequate, efficient, economical, reliable, and renewable power services.

Demand Response Advisory Committee (DRAC)

My primary concern regarding DRAC is governance and membership on the committee. I recommend Executive Director and Chair of DRAC solicit membership from a wide audience to include: ratepayer advocates, environmental, utility commission staff, DSM trade and industry, distribution utilities, as well as larger utilities. I realize that advisory committees are open to the public, but I would recommend Executive Director to be proactive and seek out diverse membership.

I recognize that the objective and scope listed in the DRAC Issue Paper is a copy/paste of the Conservation Resource Adequacy Committee (CRAC). Seems like a good place to start. I agree with a near term focus on (A) through (D) only. My near term focus items fall in the A through D categories. e.g.:

1. Define common terminology, valuations, and evaluation
 - a. Terminology and focus on PNW
 - b. Procurement methods. vendor, aggregator, behavior, curtailment, load control, integrated DSM, utility, 3rd party, etc.
 - c. Valuation. Create common Cost effective methodology and regional inputs
 - d. Evaluation. Recommend common M&V methodologies
2. DR Role in Seasonal capacity, Reliability, Resource Adequacy, and Resiliency

3. Promote utility resource, transmission, and distribution planning that prioritizes demand response and other preferred resources first.
4. Identify potential conflicts and synergies between DR and energy conservation resource procurement, development, and funding.
5. Promote effective policies and funding mechanisms that work well with existing energy conservation policies and funding.
6. Promote effective programs that do not interfere with energy conservation programs, and look for programmatic efficiencies.

DR is a mature market in North America. The PJM ISO has been incorporating DR into its operations for over 8 years, and in recent years achieved about 6-7% capacity from customers (around 11,000MW of demand response capacity with a 145,000MW peak). The Northwest can get 6-8% of their seasonal capacity from DR. The Council does not need to spend its time and money assessing new technologies or potential. The potential is 6-8% of peak capacity. Identifying barriers and agreeing on solutions should be the focus for the DRAC.

System Integration Forum (SIF)

I think it is appropriate for the Council to assemble a system integration forum. The topics, timing, and opportunities to find common ground, in my opinion, are some of the most pressing to inform the Council for the 8th Plan.

My primary concern related to the SIF and its scope is stakeholder participation and commitments. The term “Forum” has been used for the Regional Technical Forum (RTF) and Wind Integration Forum (WIF). Both of these have had significant attention and resources. At this time, I don’t see enough concern by PNW stakeholders to attract funding, like the RTF, or executive participation, like the WIF. I may be wrong.

I recommend the Council spend more time defining the core purpose of the SIF and soliciting support and commitment from top executives and stakeholders. Without sufficient commitment, I would not recommend Council proceed.

The core purpose of SIF should be system integration. Emerging smart grid opportunities could play a role, but should not be a focus for the SIF. I think educating and agreeing on cost effective system integration methods should be the focus. My recommended issue list includes:

1. PNW market and planning integration with rest of WECC, EIM and ISO
2. Integrating Distributed Energy Resources (DER), e.g., demand side management, solar, CHP, storage, EVs, into utility planning, business, and operations.
3. Defining capacity requirements and resource adequacy in a future resource mix.
4. GHG market integration and value.
5. Transmission Planning and operation
6. Natural gas infrastructure and integration with electric power supply.
7. Reliability and Resiliency for disaster recovery.