

## **Comverge Comments on the Northwest Power and Conservation Council's Proposal to Form a Demand Response Advisory Committee**

On May 16, 2016, the Northwest Power and Conservation Council ("Council") published a paper outlining a proposed approach to forming a Demand Response Advisory Committee (DRAC), as recommended in the Council's Seventh Power Plan. Comverge supports the development of the DRAC as a means to encourage further development of Demand Response (DR) resources in the Pacific Northwest. The Seventh Plan identified significant DR potential, however achieving such potential requires not only resolution of implementation and policy issues, but also identification of DR's technical abilities. Comverge appreciates this opportunity to provide its comments on the proposed DRAC and looks forward to further working with the Council.

### **Introduction**

Comverge is a leading provider of residential and small commercial DR services to utilities throughout the country. Comverge is pleased to see that in the Pacific Northwest, DR continues to gain traction as a means to meet peaking generation needs and to reduce the need for new transmission and distribution infrastructure. Even in areas where peaking needs are sufficiently met, DR remains a valuable resource because it can relieve local distribution constraints. Comverge provides DR services to utilities to defer infrastructure investment to meet a targeted need.

### **Comments on the Proposed DRAC Scope**

The proposed scope of the DRAC focuses on DR implementation, barriers, and supply curve development. Comverge agrees with the proposed scope and provides additional recommendations for the Council's consideration.

#### **Near-Term Focus of the DRAC**

The near-term focus of the DRAC should be to assist utilities with increasing their acceptance of DR resources as a viable means to meeting their identified needs. One of the challenges in achieving the potential identified in the Seventh Plan, is that assumptions may not necessarily apply to a specific utility, as recently observed in Northwest Energy's Integrated Resource Plan (IRP) filing in Montana. This mismatch of potential and actual must be resolved in the near-term. Specifically, Comverge recommends the Council include in the near-term focus of the DRAC, the disaggregation of the Seventh Plan's potential by service territory, where possible, so that utilities become more comfortable with pursuing the procurement of DR resources.

Another near-term focus of the DRAC should be to evaluate where DR potential identified in the Seventh Plan can assist in providing local distribution and transmission relief. The recent request by the Bonneville Power Authority for such resources in South of Alstom is an example of where DR resources can mitigate immediate needs of new transmission and distribution investment. Pacific Gas and Electric Company has reported that it was able to defer a large transmission project through the use of DR and energy efficiency. Thus, Comverge

recommends the Council include in the DRAC the assessment of DR potential to address non-generation needs.

### **Long-Term Focus of the DRAC**

Achieving DR potential cost-effectively is the goal of utilities and of regulatory commissions. However, in many instances during the regulatory process, the reasonableness review of the cost-effectiveness evaluation is contested. This can result in valuable DR programs not receiving the necessary authorization or that their program design is modified such that it does not achieve its full intended potential. Yet, if the DRAC includes in its long-term focus the development of a Pacific Northwest consensus framework for DR cost-effectiveness evaluations, the regulatory uncertainty would be lessened and the ability to achieve DR potential would be improved. As such, Comverge recommends the DRAC include in its long-term focus the development of a cost-effectiveness framework to be used among the utilities included in the Power Plan.

### **Comments on the Proposed Forum to Discuss Smart Grid, Storage, and other Enabling Technologies**

Comverge supports the Council's proposal to include a discussion of smart grid, storage, and other enabling technologies within the DRAC, however creating a separate forum on these topics is unnecessary and may complicate matters. These topics refer to tools used in achieving DR potential. The Council's definition of DR is a "voluntary and temporary change in consumers' use of electricity when the power system is stressed." If the Council holds true to its definition, then this "change" can occur through any measure, with the end result the same; the system need is met. Thus, Comverge recommends the DRAC focus on the needs of the system and allow the technology options to follow. For instance, if the need is to shave system peak for a few days a year, there are numerous technological, and non-technological, options available to meet this need.

Smart grid discussions in the DRAC are necessary, however Comverge cautions the Council of specifically scoping this topic into the charter because the category is too broad. It can mean a smart meter to some, and for others, it can include a complex network managing power flow on the distribution network. Comverge recommends the Council narrow its scope of the smart grid discussion within the DRAC so it can be used as a tool in developing policies to enable DR.

Storage technology discussions are relevant to include in the DRAC, yet their multiple uses can conflate a discussion on DR issues. Storage is a fast, flexible, use-limited resource, which can provide DR services, but the same can be said of the technology to control the loads of air conditioning and water heating. Each of these technologies present different challenges with flexibility, availability, measurability, among other challenges. Storage is a means to an end, but its different values streams expand the discussion beyond DR. If the Council pursues a separate forum on storage, Comverge recommends that the Council narrow the scope of storage to DR uses only, and allow the inclusion of other types of enabling technologies.

## **Conclusion**

Comverge appreciates this opportunity to provide feedback on the Council's DRAC proposal. Comverge supports the proposed scope with the recommendations provided herein. Lastly, Comverge welcomes the opportunity to be considered for DRAC membership. Comverge will bring valuable insight from the residential and small commercial DR perspective. Should the Council have any questions with these comments, please direct those questions to David Lowrey at [dlowrey@comverge.com](mailto:dlowrey@comverge.com) or by phone at (626)260-2698.