June 2016

DRAC Issue Paper Comments

From: Energy Northwest

Council Staff,

In January 2016 Energy Northwest and its public power team concluded a 1-year run of its aggregated demand response demonstration "pilot" supplying a 35 MW fast, 24/7 firm, INC (load reduction) reserve capacity product to Bonneville Power Administration. While very successful, BPA and EN were jointly awarded a national award for innovation, it was also a tremendous learning opportunity for the EN team as well as BPA. We're very pleased with the Council's interest in and recognition of the potential value of growing demand side resources' role in the region and, without reservation, support the Council in creating a demand response advisory council (DRAC).

- EN concurs the proposed advisory council scope is well-aligned with 7th Power Plan recommendations. If, as anticipated, DR assumes a significantly greater role in meeting regional resource and management needs, having such a council as proposed is both prudent and necessary.
- Directing the DRAC's initial focus toward identifying development issues barriers then shifting, perhaps in 2018, toward a role as a technical resource for Council staff also seems very appropriate to EN. Some further observations:
    - Demand response and demand side management are terms often used broadly. The DRAC might usefully be tasked with articulating the several uses DR assets might be applied in meeting both existing and emergent regional needs. Having defined those uses, the substantially differing functional requirements (duration, notification, geographic/grid-specific location, etc.) of DR assets to serve each use case may be better described. Those requirements strongly drive which enabling technologies might support the use cases, range of the value proposition, and, most crucially, willingness of potential DR assets (end-use customers) to contribute as DR assets.
    - It is not unlikely a significant gap will be found between "potential" and realizable load response, particularly with industrial customers. In the absence of compelling economic incentives for the prospective assets, in turn supported by a very favorable value proposition, it can be very challenging to recruit responsive loads. In supporting Council staff with development of supply curves, the DRAC might be tasked to more closely examine achievable vs potential response expectations and how programs might be best structured for success.
    - Effective matching of suitable and cost-effective DR assets and load response needs will likely be challenging across balancing authorities, particularly the fast (within the scheduling period) products. The DRAC

might well track and advise council on region-wide DR deployment considerations particularly in light of emergent regional capacity markets.

- EN concurs with the proposed structure and tasking of a separate System Integration Forum. This should be a distinct body but with strong functional links with the DRAC. The interaction between business/system needs and enabling technologies is best a 2-way iterative flow between the two bodies, each with their own focus. Best results are achieved with the two interacting but neither unduly driving the other.

EN appreciates the opportunity to review and comment on the council's issue paper and is very interested in tracking and supporting the process as it proceeds. Please don't hesitate to contact me if you've questions. EN has interest in being considered for participation on the DRAC.

Best Regards,

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