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## MEMORANDUM

To: John Ollis and Tina Jayaweera, NW Council  
From: Kelly Marrin and Dave Costenaro  
CC: Ingrid Rohmund, Michael Daukoru, Bridget Kester  
Date: June 6, 2016  
Re: Comments on Issue Paper on Demand Response Advisory Committee

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This memo presents AEG's comments regarding the NW Council's Issue Paper on the development of a Demand Response Advisory Committee (DRAC). Comments, in the form of responses to the Council's Questions for Reviewers, follow below.

***1. Is the scope of the proposed demand response advisory committee sufficient? a. Do you agree with the focus of the advisory committee in both the near- and long-term?***

AEG proposes the following addition to the DRAC's scope:

The DRAC should assist the Council in determining how DR programs might be evaluated and whether a set of protocols should be developed for evaluations (such as the CA DR Impact Evaluation Protocols). For example, the question of what baseline is appropriate to use when measuring DR impacts is critical. The protocols should provide needed guidance on the appropriate baseline for different end uses, technologies, and DR programs. In addition, protocols can help to define differences between straightforward baselines that should be used for settlement of payments in the near term, vs. baselines that should be used for ex post impact evaluation, which often require more sophistication.

AEG has also included comments on elements of the Council's original scope as follows (The NW Council DRAC Scope is shown in Black and AEG's comments are shown in Blue):

(A) Assisting the Council in identifying technical, cost, environmental, institutional, and other barriers to the development of demand response resources.

AEG recommends also calling out incentive and rate design specifically. Especially for dynamic pricing, bidding style, aggregator, and/or direct load control programs, properly

designed incentives/rates are paramount to success and can be highly contentious in the regulatory arena (particularly dynamic pricing rates).

(B) Assisting the Council in developing policies and actions to resolve barriers to the development of demand response resources.

AEG recommends that the Council and proposed DRAC/Smart Grid Integration Forum address and exploit opportunities to develop DR resources through building codes and related equipment standards. This will involve assessment of policy gaps, alignment of certain policy objectives, and collaborative policy development with multiple stakeholders such as DR industry groups (e.g. OpenADR Alliance), standards organizations (e.g., ICC, ASHRAE), and code-making entities in various jurisdictions.

(E) Assisting the Council in assessing: 1) the current performance, cost, and availability of demand response resources; 2) technology development trends; and 3) the effect of these trends on the future performance, cost, and availability of demand response resources.

AEG observes that the current timeline assigned Item E to the second phase. However, this type of analysis is likely to be particularly useful as an upfront task. Moving this task to the forefront of the effort, will allow the Council to formally organize existing research on best practices for DR in the region, and identify any gaps in that research. As part of this effort the council might focus on the identification of what has worked well, and what has not worked well among current programs. This would help with the subsequent identification of barriers and the development of policies to resolve those barriers as the effort moves forward.

***2. Is it appropriate to convene a separate forum to discuss smart grid, storage, and other enabling technologies? a. Do you agree that a forum is the appropriate venue for these topics (versus an advisory committee)?***

AEG agrees that it is appropriate to convene a System Integration Forum to discuss smart grid, storage, and other enabling technologies. We also agree and that a forum is the appropriate venue. We would also propose that the forum overlaps with the DRAC in such a way that encourages and allows collaboration between the two, particularly in the case of DR for load following and ancillary services, which will be attempting to meet many of the same goals as the forum on system integration.

If a smart grid forum is created, the Council or DRAC should clarify areas in which its charter is distinct from technologies addressed as part of the RTF's charter and areas where there would be overlap. This will help ensure the Council's resources are maximized to the benefit of both groups and multiple objectives.