

# What Remains to be Done with Demand Response? A National Forum from the FERC National Action Plan on Demand Response Tries to Give an Answer

## *Program Design & Implementation Working Group*

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Association for Demand Response & Smart Grid (ADS)

National Association of Regulatory Utility Commissioners,  
ER&E Committee Meeting, July 24, 2012 Portland, OR



# ADS - NAP Project

- Design & Implementation includes marketing and marketing communications
- Major emphasis on “Lessons Learned” and content that might allow practitioners to determine best practices for them
- Project Resources
  - DOE Funds
  - ADS Staff
  - ADS Member in-kind
  - Non-ADS in-kind

# ADS - NAP Project

- Phase I
  - Deliverables:
    - Interviews with Program/Product Managers available via podcast and transcript
    - Online information gathering from DR practitioners on lessons learned
    - Case Studies
    - Planning for Phase 2
- Phase 2
  - Deliverables:
    - Case Studies
    - DR version of Rapid Deployment EE Toolkit

# ADS - NAP Project



## Salt River Project (SRP)

## The Persistence of Consumer Choice

June 2012



# ADS - NAP Project

- **Case Study** on pricing options at Salt River Project –including both TOU and Prepay
- Narrative Style – similar to previous ADS Case Study – “let the players tell their story”
- Detailed presentation to be delivered on Thursday morning of the Town Meeting
- On the ADS website; a few copies at the ADS booth

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## Main Lessons Learned according to SRP

- ***Make programs voluntary.*** Make the process easy and pleasant— nothing onerous—and let customers out of the programs if they want off. So opt in and then they can get out anytime they want.
- SRP has found great popularity with pricing ***programs that help people develop new daily habits and routines that fit their schedules and can be communicated visually.***
- ***Offer pre-pay to everyone,*** not just delinquent accounts. Students, seasonal residents, and employees who are paid on a weekly basis see definite cash flow benefits. Do not apply service charges per payment, regardless of the frequency or amount of payments.

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## Main lessons learned according to SRP (cont.):

- ***Help people choose*** the programs that are right for them by asking them simple questions that reflect their living situations and concerns. Public online interactive tools, private account specific comparisons, and support from customer service to determine the “best rate” for a given residence result in solid adoption and persistent participation.
- ***Smart meters will allow the utility to build on*** this platform of trust and customer satisfaction, to introduce new programs that can appeal to more customers and allow them to take advantage of variable pricing for greater cost savings.

# ADS - NAP Project

- Information gathering on lessons learned; some of the early indications
  - Regarding marketing and promotion
    - Use multiple channels
    - Timing between marketing and installation is important; don't leave customers waiting weeks
    - Decide whether you are going to explain DR or not even mention it and sell it as something else
    - In this new era of electronic communications, don't discount bill inserts
    - Offer choices
    - Target market
    - Keep the message simple



# ADS - NAP Project

- **Information gathering on lessons learned –**  
some of the early indications
  - Regarding unexpected developments:
    - Lack of HVAC contractor acceptance
    - Product recall
    - Requests to participate from customers who did not qualify
    - Uniqueness of each ADR installation
    - Extra labor effort on billing required to accommodate incentives
    - Challenges of understanding/following changing ISO rules and regulations
    - Needing to matching contractor availability to area where customer responses were coming from.

# ADS - NAP Project

- **Information gathering on lessons learned** – some of the early indications
  - **Regarding technology deployment**
    - Need close cooperation between IT and Operations
    - Expect some existing customer equipment (e.g. DHW) to be in need of repair
    - Understand wide range of technical expertise and comfort among participants and provide options
    - Need to train local contractors for all possible configurations of equipment
    - Test for calculations, not just for operational fitness

# ADS - NAP Project

- Case Study Interviews
  - Interviews on “lessons learned” with DR practitioners via one-on-one private webinars
  - Available to everyone via:
    - Audio-Powerpoint podcast on ADS website
    - Written transcript of the interview on ADS website
- Question Areas
  - Planning – Outsourcing – Research – Marketing
  - Regulatory Approval – Technology – Goals
  - Cost-Benefits – Staffing – M&V

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## Looking Back...

- What were some things that happened that were unexpected or surprising? What did you do?
  - How unreliable paging networks can be
  - We have upgraded the network and monitor it 24/7
- What are some key takeaways that you think would be useful to others that might be planning or running a program similar to yours?
  - Maintain close relationships with public paging providers or consider doing it in-house
- What would you have done differently if you had it to do over again?
  - Develop and open a wide variety of marketing channels as soon as possible. Allow lots of time for development of more complex channels
- What do you wish that you had done that you didn't do?
  - Open more marketing channels sooner

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Dan Delurey: **And if you can say so, were there additional cost-effectiveness tests imposed within the company?**

Bob Donaldson: No, I think our primary driver is really the UCT test. Really that's just a cost-benefit internally within Progress Energy. It's basically utility cost-benefit and that's probably the secondary driver behind it. Usually any kind of DR program that's going to pass RIM is also going to usually pass UCT, and with the type of program we've had in place and we'll talk about some details, it's clearly a cost-effective program.

Dan Delurey: Okay, well you mentioned earlier that this is a relatively new program. **So let's get an idea as to how new, how recently it was developed, and how long it took to develop and so on.**

Bob Donaldson: Yeah, as I alluded to earlier we actually launched the program in April 2009. As far as development time, it did take us about a year to a year and a half to develop. As we said earlier we did start from scratch. I'll give a little background really on our organization as a whole.

Really back in 2007 there was not a very large DSM/EE group here within Progress Energy Carolinas. It actually started with a group of about four or five people and today it has grown into probably a size of about forty or fifty.

So we were just launching an overall DSM/EE strategy and team to support future programs. So with that, EnergyWise Home was actually one of the first programs that was under early development and we did some other things, just developing the program. We also did a pilot program as well with thermostats, and I'll talk about that in a minute.

Dan Delurey: **And so in terms of just looking back when we talk about program time line, did it go fairly smoothly? Did it take longer to do it or shorter than you anticipated? And how much were you able to draw from what you had done before?**

Bob Donaldson: Program development can be a long and tedious process, and it's really contingent upon a lot of regulatory requirements within your particular jurisdiction and also the relationship you have with your particular public staffs or your commissions. We have a good relationship with ours, but still there's a lot of attention to detail given by both staff and the commission. We just have to follow that process and answer a lot of questions. There are data requests, a lot of informal and formal meetings, filing requirements, and so on so forth. So that process just had to be followed. I wouldn't say it was necessarily unanticipated, but it did take some time.

# ADS - NAP Project

- Action Items for Project
  - Phase 1
    - Identify interview candidates for Case Study Interviews
      - To volunteer, contact Dan Delurey or Jenny Senff
    - Conduct additional online information gathering from DR practitioners on lessons learned
      - To volunteer, contact Dan Delurey or Jenny Senff
    - Produce report from lessons learned info gathering
    - Develop Plan for Phase 2
      - Anyone can still join; working group is meeting this Thursday afternoon; contact Dan or Jenny

# ADS - NAP Project

- Action Items for Project
  - Phase 2
    - Rapid Deployment Toolkit
      - » Develop format and structure
      - » Identify programs/products for treatment
      - » Research and produce Toolkit documents
    - Guidance on how Wholesale DR informs design of retail DR programs

# ADS - NAP Project

- Jump in and contribute!
- Contact:
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