

Demand Response is Focus of New Effort by Electricity Industry Leaders

U.S. Utilities, Grid Operators, Others Come Together in National Effort to Tackle Important New Electricity Area

(Washington, DC, July 1, 2004) A new group formed to work on the important new electricity area known as demand response was announced today in Washington, DC. The United States Demand Response Coordinating Committee (DRCC) will bring together a number of parties to focus on developing information and tools needed to allow demand response to be another option employed to address national, regional and state electricity issues and challenges.

The DRCC's efforts are the U.S. part of a larger, global demand response effort announced recently by the International Energy Agency's¹ (IEA) Demand Side Management Program. The U.S., represented by the Department of Energy (DOE), is the lead country for the project. Nine additional countries have signed on to the project to date, including Denmark, Italy, Spain, Finland, Norway, Sweden, Korea, Japan, and Australia. Under the umbrella IEA Demand Response project, each country is to develop demand response business and regulatory models that can be implemented to suit its particular needs. The IEA will provide a common template for each country's work that respects individual country differences.

Demand response is often defined as allowing customers to participate directly in electric markets. The DRCC is further defining demand response to refer to programs and policies which provide both retail and wholesale electricity customers with a choice whereby they can respond to prices or other types of incentives by reducing and/or shifting usage, with the result being that they become a long-range and/or short run dynamic resource for cost-effectively addressing pricing, reliability, emergency response, and infrastructure planning, operations and deferral.

As a first step, the DRCC will be reviewing existing demand response activities in the U.S. to identify "best practice" efforts that are currently underway. The DRCC also plans to identify gaps in the demand response knowledge base for which it can undertake new work to address. The group hopes to particularly focus on how to better understand the benefits and costs associated with demand response as it develops recommendations for both business and regulatory models that can be implemented in any U.S. region, at the retail or wholesale level, and in vertically-integrated or restructured electric markets.

Members of the DRCC include American Electric Power, National Grid, AREVA T&D Corporation, ISO-New England, Salt River Project, NYISO, CEC/LBL PIER Demand Response Research Center, Southern Company, PJM Interconnection, Southern California Edison, Pacific Gas & Electric, and San Diego Gas & Electric. Representatives from DOE, the Federal Energy Regulatory Commission (FERC) and the National

Association of Regulatory Utility Commissioners (NARUC) are serving in an active advisory capacity to the DRCC as well as the IEA Project. As the DRCC's work unfolds, it hopes to bring in additional demand response stakeholders so as to further refine its efforts and ensure that the information it develops will meet the needs of all parties with a stake in demand response.

"We are excited about this project given the advocacy by DOE and FERC for demand response to be in electric markets" said Larry Mansueti, Director of Electric Markets Technical Assistance at the U.S. Department of Energy's Office of Electric Transmission and Distribution, and original sponsor with FERC of the new effort. "Bringing customers more fully into electric markets will enhance reliability and resource adequacy, limit supplier power, and limit price volatility. We are pleased to see such a diverse group of parties, including some of the leading experts in demand response, step forward to work together on a national basis while recognizing and respecting regional and market differences."

For more information on the DRCC and U.S. participation in the IEA Demand Response Project, contact Dan Delurey of the Wedgemere Group at 202.441.1420. For more information on the IEA Project, contact Ross Malme of RETX at 770.390.8510.

¹The **International Energy Agency (IEA)** is the energy forum for 26 industrialized countries. The IEA brings together policy-makers and experts from Member countries to discuss common energy technology issues, to undertake studies and to organize workshops, which assist Members with technology policy development. An IEA Framework is provided for more than 40 international collaborative energy research, development and demonstration projects. The **IEA Demand-Side Management Programme** started its collaboration in 1993 and since then 17 member countries and the European Commission have been working to promote energy efficiency and demand side management for global sustainable development and for business opportunities. Member countries are:

- Australia
- Denmark
- Greece
- Netherlands
- United Kingdom
- Austria
- European Commission
- Italy
- Norway
- United States
- Belgium
- Finland
- Japan
- Spain
- Canada
- France
- Korea
- Sweden

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