

the FERC National Action Plan for Demand Response and what it means to appa and its members

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But First, a Short Commercial About APPA...

- Established in 1940
- Representing 2,000+ municipally owned electric systems
- Our mission: help our members provide reliable, environmentally responsible electric service at an affordable price

APPA Resources

- Staff of 60 plus Professionals
 - Engineers
 - Statisticians
 - Legislative & regulatory experts
 - Legal counsel
 - Educational program specialists
 - Environmental specialists
 - Customer service specialists
 - Communicators

How APPA Assists its Members

- Representation in Washington
- Daily and weekly electronic newsletters, monthly magazine
- Programs: Subject matter meetings (Legal, E&O, B&F, Leg Rally, National Conference)
- APPA Academy: Training via education courses, conferences, webinars, and certificate programs

Demonstration of Energy-Efficient Developments (DEED)

- DEED is public power's research and grant program started by APPA in 1980 to pool members' resources to invest in the future technologies & best practices
- DEED members use their utilities to pilot innovative technologies improve utility processes and practices.
- Members learn from each other by sharing the knowledge gained via project reports.

FERC Outreach on NAP-DR

- Section 529 of the Energy Independence and Security Act of 2007 requires FERC to develop a National Action Plan on DR
- In early 2009, FERC staff conducted extensive outreach to DR stakeholder groups, and asked the groups to respond to staff discussion questions

APPA's Response

- APPA developed a working group made up of member utilities and internal staff, and the group met with FERC staff in March 2009
- APPA recommended that the NAP-DR build on the success of the NAP for energy efficiency, which is now the State Energy Efficiency Action Network (SEE Action)
- This would take advantage of existing resources and help utilities present customers with a unified message on smart energy use

APPA Recommendations

- Vision for the NAP-DR:

Create a sustainable, national commitment to achieving the optimal, cost-effective level of DR required to improve reliability, reduce peak demand, and over the long-run, reduce overall usage.

APPA Recommendations

Goals of the NAP-DR:

- Encourage use of time-based pricing
- Develop a communication and education strategy
- Help utilities make a business case for demand response
- Provide stable program funding for implementation of DR measures

APPA Recommendations

- APPA had concerns with Staff's draft suggestions on setting policy
- APPA said that the NAP-DR SHOULD NOT:
 - *Mandate* real-time pricing
 - *Require* utilities to deploy smart grid elements
 - *Direct* federal, state, and local governments to set specific demand reduction standards

FERC's Proposal

Following the informal outreach process, FERC issued a Discussion Draft for comment in October 2009 (Docket No. AD09-10-000):

- FERC proposed a strategy of establishing a National Coalition to implement the NAP-DR
- FERC proposed specific activities to address each of the three objectives of the NAP-DR
 - Technical Assistance to States
 - National Communications program
 - Tools and materials

APPA's Response

In its comments on the Discussion Draft, APPA:

- Supported the formation of a public-private partnership to implement the NAP-DR
- Recommended that the Department of Energy provide funding for NAP-DR projects and activities and provide oversight of the coalition
- Endorsed a NAP-DR web-based clearinghouse of DR resources to include research, case studies, and lessons learned from pilot programs
- Supported developing a broad and high-level national message, combined with local implementation by utilities and other DR providers

FERC's Draft NAP-DR

- In March 2010, FERC issued Staff's draft NAP-DR
- The draft largely followed the outline of the October 2009 Discussion Draft
 - Coalition to implement NAP-DR
 - Projects and activities to achieve EISA's three objectives for the NAP-DR (technical assistance to states, communication program, tools and materials)

APPA's Response

- APPA agreed with the plan's broad outline
- The NAP-DR plan should focus on educating consumers and on making DR information, tools, and resources easily available to all DR stakeholders
- The NAP-DR should not establish policy or make policy recommendations

APPA's Response

- Supported the plan's broad and inclusive definition of DR
 - Includes both traditional programs and programs that use innovative and emerging technologies
 - Includes both time-of-use rates and real-time pricing
- Recommended coordination with SEE Action and the NARUC/FERC Smart Grid Collaborative
- Endorsed volunteer support through the coalition and federal funding of projects and activities

APPA Response: Technical Assistance to States

APPA Recommended:

- Regional (rather than national) educational forums, open to all stakeholders
 - Regional forums can take into account specific characteristics of markets, generation mix, climate
 - Including all stakeholders (not just state officials) allows for a broader exchange of ideas
- NAP-DR sponsorship of technical papers
 - High priority for NAP-DR
 - Coalition should work with other organizations to identify most important topics for funding

APPA Response: National Communications Program

- APPA supports a key revision to the plan:
 - Highlighting the primary role of local DR providers in communicating about DR directly with customers
- APPA supports the plan's proposal to conduct foundational research to identify broad, high-level messages
 - Message content for residential customers must address the potential for antagonism towards DR measures

APPA Response: Tools and Materials

- Strong support for two primary components:
 - Web-based clearinghouse
 - Developing better tools for estimating DR
- Recommended two other areas for case studies
 - Development of more complex billing systems to handle data
 - Consumer protection regulations and data privacy
- Endorsed coordinating the clearinghouse with other web-based information sources, such as the Smart Grid Information Clearinghouse

FERC's National Action Plan

- FERC issued the final NAP-DR in June 2010
- The NAP-DR's proposals for projects and activities are very much in line with draft plan
- The NAP-DR calls for the formation of a coalition to help implement the plan, but:
 - Does not set out how the coalition should be established
 - Does not propose specific roles for federal and private entities
 - DOE could fund certain activities, but also relies on private funding

National Action Plan Coalition

- APPA is participating in the National Action Plan Coalition – formed for the purpose of implementing the NAP-DR
 - Composed of associations that represent various DR stakeholders
 - The group has met regularly since May 2010
 - Incorporated earlier this month
 - Has developed a draft work plan
 - Building on existing resources, to the extent possible

Next Step

- EISA requires FERC, together with DOE, to submit to Congress a proposal to implement the NAP-DR
 - Due to Congress by December 17, 2010
 - To include specific proposed assignments of responsibility, proposed budget amounts, and any agreements of participation

On Hold: Waiting for the December 17 report

- The NAP Coalition has told FERC and DOE that the Coalition is prepared to enter into a public-private partnership to accomplish the NAP-DR's goals
- Establishing NAP-DR priorities and choosing projects is contingent on funding recommendations