



DEMAND REDUCTION SUBCOMMITTEE MEETING MINUTES

Thursday February 18, 2016
100 Cambridge St, 2nd Floor
Conference Room B
Boston, MA 02114

Subcommittee Members Present: Donald Boecke, Amy Boyd, Paul Johnson, Richard Malmstrom, Jerrold Oppenheim (for Elliott Jacobson), Arah Schuur

Consultants Present: Jeff Schlegel, Craig Johnson

Others Present: Michael Goldman, Lyn Huckabee, Emmett Lyne, Ezra McCarthy

1. Call to Order

Schuur called the meeting to order at 3:02 PM.

2. Subcommittee Primary Responsibilities and Areas of Focus

Schuur began by thanking everyone for volunteering to be a part of the subcommittee and for attending the first meeting on short notice. She noted that the PAs have a lot of work ahead of them in a short timeframe. She noted that, similar to the full Council, the job of the subcommittee is to provide feedback and input. She noted that the short-term focus of the subcommittee is to help the PAs complete the March 31 report and bring the subcommittee's opinion of the report to the full Council.

3. Terminology Level-Setting

Schlegel presented an overview of terminology so that members of the subcommittee would all be on the same page with respect to terms used. Specifically, Schlegel reviewed ISO-NE's definition for a demand resource, both active and passive, as well as EIA's definition for demand response programs. Schlegel also highlighted the following demand resource policies and strategies:

1. Demand reductions from EE programs
2. Demand response programs to reduce peak demand in specific time periods (ISO regional market, state efforts, etc.)
3. Load management/load control/load shifting/demand management, through strategies using controls, energy management systems, connected technologies, etc.

4. Integrated approaches to the above (e.g., integrated EE and demand response using thermostat controls)
5. Pricing and rate design (time-varying rates, demand charges)

Schlegel noted that the subcommittee should consider all five policies and strategies, but recommended that it focus primarily on strategies 2, 3 and 4. With respect to strategy #4, Schlegel noted that it might not have needed its own category, but that he thought it deserved one because there are a lot of new ideas and good opportunities in that area. With respect to strategy #5, Oppenheim agreed with Schlegel that pricing strategies are probably outside the control of the Council and the subcommittee. Boecke added that the Department already has an issue underway in the grid modernization proceedings for time varying rates. Malmstrom noted that pricing and rate design, could however, be paramount to some of the other policies and strategies.

4. PA Analytical Framework and Updates on Findings/Insights to Date

Ezra McCarthy and Michael Goldman led a discussion on the PAs analytical framework and analysis that is currently underway.

Analytical Framework

Goldman began by reviewing their overarching methodology, which included a three-step process. He noted that the first step was to start by identifying the problems, rather than picking a solution and trying to identify what problem it might solve. Goldman noted that once they identify problems, they would evaluate solutions and then analyze the costs and risks.

Boyd noted that she would hope that their analysis would look at lost energy savings where the measure installed uses more energy than it saves or increases GHG emissions. Goldman noted that that was a good point and that they would want to avoid, for example, moving a customer whose peak is in the morning to a time that is coincident with ISO-NE's peak.

Malmstrom asked if data exists to identify issues at a more granular geographic level. Goldman indicated that while that type of data is not publicly available, it does exist and is something the PAs can use.

Goldman went on to note that there are three areas that they are thinking the majority of the analysis will stem from. These areas are evaluating summer system wide issues (ISO-NE), winter pricing issues (including natural gas), and distribution issues at the substation or feeder level. McCarthy added that they selected these three areas because they have different types of considerations with respect to calculations and tools.

Analysis Underway

McCarthy reviewed the analysis that has already been completed and analysis that is currently underway. He noted that the AESC 2015 study results will be used as a tool for evaluating cost effectiveness of whatever solutions they end up exploring. He also noted that the FCM #10 results help them identify the value of reducing costs.

Boyd asked what the significance of a 25% reduction in the FCM results means for this subcommittee. Goldman noted that as they evaluate the value of reducing capacity going forward, they will have to take into account that that value is actually declining. Goldman added that they also need to consider a customer's willingness to accept the technology, noting that just because it works does not mean that they will necessarily adopt it.

McCarthy went on to describe National Grid's proposed demonstrations that are aimed at determining demand reduction during peak periods and whether certain types of demand reduction strategies are cost effective. He noted that National Grid is proposing to do direct load control for residential and small business customers starting in the summer of 2016 and interruptible demand reduction for large C&I customers starting in the summer of 2017.

Oppenheim noted that the PAs appear to be primarily focused on devices and how effective they are. He asked if the PAs were considering looking at how strategies might unfold across different demographics such as age, income, and customer size. McCarthy noted that they are looking at those types of things and that initial findings from their smart grid pilot in Worcester speak to that idea.

Johnson asked why the PAs are choosing to do more residential in the first year and more C&I in the second year. McCarthy noted that they have experience with the residential DR from Worcester so they already have a good understanding of the sector. Conversely, the C&I projects will likely require custom analysis. As a result, they chose to start by focusing on the residential sector.

Boyd asked how the PAs are engaging customers in this effort. McCarthy noted that they are going through customers who have already adopted smart technology such as WiFi thermostats.

Q1 Deliverables

Goldman described the deliverables that the PAs aim to accomplish by the end of the first quarter. This included details on the structure of the demand reduction working group, its scope, targeted milestones, and timelines.

Malmstrom asked if the avoidance of a new gas pipeline is something that they would be considering. McCarthy noted that those types of things are included in the avoided cost values. Schlegel added that the AESC study does make some assumptions about gas pipeline build out.

Lyne asked the subcommittee to comment on whether or not they think the Demand Savings group is on the right path. Malmstrom noted that he was okay with the milestones not being set in stone yet because the task requires looking at strategies that have not yet been explored in depth. Schuur noted that the PAs have a couple of tasks that must be taken in parallel and not sequentially. Boyd agreed and added that building out the analytical component (i.e. what problems are trying to be solved) in the milestones list. Malmstrom agreed. Schuur added that the March 31 report should include one more level of granularity with respect to the milestones and that having quarterly goal dates in place would be considered successful.

Johnson noted that he would like to be able to compare apples and oranges, for example, comparing behavior strategies versus technology strategies. Boyd recommended that the PAs document an idea even if it is not appropriate for implementation right now. She noted that sharing that type of information would show progress. She also added that the group should think about ways to be more creative with ways in which to fund and pay for all this work.

5. March Report – Structure, Content and Schedule

Schuur proposed that for the next meeting it would be helpful if the subcommittee had a draft of the report topics to review. Johnson added the milestones should be a bit more fleshed out. Lyne indicated that the PAs would take the subcommittee's feedback and will work towards that proposal for the next meeting.

6. Next Steps

Schlegel noted that it would be helpful if the PAs could present on some of the things they have learned from analysis to date that help identify system and customer challenges at the next subcommittee meeting.

Schuur noted that the meeting is currently noticed for March 9th and that she has heard some requests to move it to March 10th during the late morning or early afternoon. She indicated that a new notice would be posted soon.

Schuur also asked subcommittee members to notify her if they have or are planning to have designees in the future.

7. Adjournment

Schuur adjourned the subcommittee at 4:45 PM.