



DEMAND REDUCTION SUBCOMMITTEE MEETING MINUTES

Thursday March 10, 2016
Dondis Libray, Rich May, P.C.
176 Federal Street
Boston, MA 02110

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

Consultants Present: Jeff Schlegel, Craig Johnson

Others Present: Mona Chandra, Joe Dorfler, Jonathan Goldberg, Michael Goldman, Lyn Huckabee, Emmett Lyne, Matt Rusteika, Steve Venezia

1. Call to Order

Schuur called the meeting to order at 10:02 AM.

2. Welcome and Updates

Schuur began by thanking the PAs for delivering a draft of the report to the subcommittee well ahead of the filing date. She indicated that the goal for the meeting was to receive an update from the PAs and for the subcommittee to provide feedback and comments to the PAs. Lyne noted the PAs appreciation towards the stakeholders that have helped in developing the report.

3. PA Learning Sessions with DR Service Providers and ISO

Goldman led a discussion on what the PAs have learned from conversations with internal experts, demand response (DR) program implementers, and ISO-NE. He noted the following key takeaway points from those conversations:

- Challenges to DR exist, including wholesale market rules, volatility and unpredictability of prices, time lag for impact, differences in customers and building stock, and climate
- DR programs in Massachusetts will likely have higher costs and lower benefits compared to other jurisdictions
- Despite challenges, there may be opportunities for successful programs if entities are willing to work with the working group to address challenges
- Successful DR programs exist and the PAs do not need to “reinvent the wheel.”

Schlegel asked what drivers would result in Massachusetts having higher costs and lower benefits compared to other jurisdictions for DR programs. Goldman indicated that central air conditioner penetration producing less load as a possible driver. Schlegel agreed for residential loads, but that it may not be true for small business loads.

Summer and Winter Peak

Goldman noted that the amount of demand response (DR) in ISO-NE is much less than what it used to be and that a lot of that is behind the meter generation. Boyd and Johnson asked why there was a drop off in DR. Goldman indicated that market rule changes, capacity prices, and stringent metering requirements were the primary causes. Goldman also noted that winter peak pricing is not necessarily coincident with winter peak load. He cited external factors such as a connection loss to Hyrdo Quebec or an emergency call from PJM as examples.

Advanced Metering Infrastructure (AMI) and Real Time Data

Goldman noted that AMI and real time pricing data are helpful but are not a prerequisite for implementing DR programs. He did also note, however, that the most successful DR programs have incorporated AMI and real time pricing data.

Johnson asked if AMI is replacing old meters that are being replaced. Boecke indicated that that matter is currently being discussed in the Grid Modernization proceedings.

Wholesale Market Background and Potential

Goldman noted the potential of DR to impact the installed capacity requirement (ICR). He noted that energy efficiency and active DR are reconstituted for ICR purposes. He also noted that DR could reduce cost-allocation and the installed capacity (ICAP) tag by reducing demand during annual system peak. Goldman also noted the different ways in which DR could participate in the wholesale market.

- Schuur and Malmstrom asked how ISO-NE sets the ICAP tag. Goldman indicated that it is determined by the peak hour of the peak day on the previous year's usage.
- Schuur asked if there were opportunities outside of the wholesale market. Goldman indicated that not presently but that they are thinking about and looking at opportunities.
- Schlegel noted that if ISO-NE knows about a resource then they can reconstitute it and that if they do not know about it, it will ultimately impact the ICR if it is large enough and consistent enough for them to pick up on it.
- Malmstrom noted that if enough customers shift their demand to non-peak hours, then ISO-NE overtime might see that trend and as a result they may buy less capacity. Venezia asked if there was a standard period when ISO-NE recalibrates everything. Schlegel noted that they do it every year, but that they would need to see it in their data for them to make changes. Goldman added that the impact would need to be substantial for them to notice and make changes.
- Boyd noted that some efforts might be in the noise of ISO-NE's data, but that from a ratepayer perspective, DR has its benefits. She noted that the group should be thinking of DR as a way to serve more than just the ISO-NE.
- Schlegel noted that ISO-NE would like to have more DR in the region and that they would rather have it in their toolbox as opposed to not having it. He went on to note that

they have certain needs that this group can help meet and that this group has certain needs that they can help coordinate.

FCM Participation

Goldman noted that FCM participation allows project to be eligible for capacity payments but that there are financial risks to doing so. Goldman also highlighted the qualification process for active DR resources and the deadlines for participating in the market.

Considerations and Next Steps

Goldman noted that the PAs key considerations moving forward would include assessing the potential value of a demand reduction program at the wholesale, distribution, and customer levels, benefits and detriments of proposed approaches, and consideration of long and short term benefits. As a next step, Goldman indicated that the PAs would continue to meet with experts.

4. Draft PA Report to the DPU

Goldman began by emphasizing that the PAs are viewing this as a working draft at the moment and that additional information will be added and further revisions are expected. Goldman then reviewed the timeline component of the report, noting that they still need to decide whether or not they will need DPU approval for certain demonstration projects and that timelines for those will be added as they become clearer. Goldman asked subcommittee members if they had any feedback on the organization or content of the report as it stands in the working draft.

Schlegel noted that it would be good to get a sense of when the PAs will include things that are not in the timeline now. He noted that he did not expect the PAs to have it fully specified in the March report, but that they should at least include their intent.

Johnson asked if there was any difference between the PAs needing DPU approval for pilot projects versus demonstrations. Goldberg indicated that they both require DPU approval and that the DPU wants to make sure the PAs are not going from a program enhancement to a change in program direction.

Schlegel noted that the milestone chart was important but that it took up a lot of space in the report. He recommended that the PAs summarize the Gantt chart in the report and include a larger piece in an appendix for detailed milestones. He also recommended doing the same for the part of the report that describes the other programs and utilities that were contacted for the report. Boecke agreed.

Boyd noted that the section of the report that describes the complexities of other DR programs is unnecessary. She noted that the point of this effort is to design programs for Massachusetts, not to cut and paste programs from other jurisdictions.

Johnson noted that the report seemed unbalanced in that it is focused on the things that make DR difficult to do. Schlegel added that just because DR might be difficult does not mean that it will

not be beneficial. Boyd suggested that it would be helpful to take each goal and run it through the analytical framework and to include that in the report. Goldberg indicated that that step is something they anticipate will be included in the second quarter report.

Malmstrom noted that it is likely too soon to evaluate what customers will adopt and that the point of this report should be to evaluate what solutions will work, and then worry about whether or not a customer will adopt it later on. He emphasized that he would hate to ignore potential solutions because a customer might not adopt a certain technology today.

Schuur asked subcommittee members to send redlines to DOER if they had any.

5. March EEAC Meeting Update Planning

Schuur asked the PAs what their expectation was for the next iteration of the draft. Lyne noted that their plan was to take comments and to have another draft before the next council meeting. Schuur noted that the PAs would have the opportunity to present at the next meeting with the expectation that the report would not yet be completed. She also noted that the consultant team would have the opportunity to present their thoughts. Lastly, she noted that it would be up to the subcommittee to share with the full council whether their points were addressed in the latest draft.

Johnson asked if the subcommittee needed to make a formal statement. Lyne indicated that he did not think that would be necessary. Boyd noted that the subcommittee only needs to report back to the full council.

6. Adjournment

Schuur adjourned the subcommittee at 11:35 AM.