

# Demand Response – Wholesale and Retail Update

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*Protecting Your Bottom Line*

# Written Order Decisions in Rate Cases for WPL, WPSC, We Energies on Time of Day and Interruptible Rates in 2009

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- It is reasonable for (utility) to submit an analysis by September 1, 2010, of splitting the current TOD pricing periods into additional pricing periods and a plan for implementation of such pricing periods in 2011.
  - Another Order point in rate cases to also collect more from energy charges (eg. Alliant 6680-UR-117)
- It is reasonable for (utility) to submit a plan by September 1, 2010, to bid its direct load control program and its interruptible loads into the MISO energy market as price sensitive loads.



# Current Time of Use Rates

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	<b>Seasonal Energy Rates</b>	<b>Seasonal Demand Rates</b>	<b>On Peak Hours</b>
WPL	Yes	Yes	4 Options 8 AM to 10 PM 8 AM to 8 PM 9 AM to 9 PM 10 AM to 10 PM
WE Energies	No	Yes	2 Options 8 AM to 8 PM 10 AM to 10 PM
WPSC	No	Yes	W: 7 AM to 10 PM S: 7 Am to 11 PM



## Current Interruptible Rate Provision

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- Utilities can interrupt for reliability based reasons or economics (based on cost of highest available generation resource)
- WPSC and We Energies have buy through on the economic portion

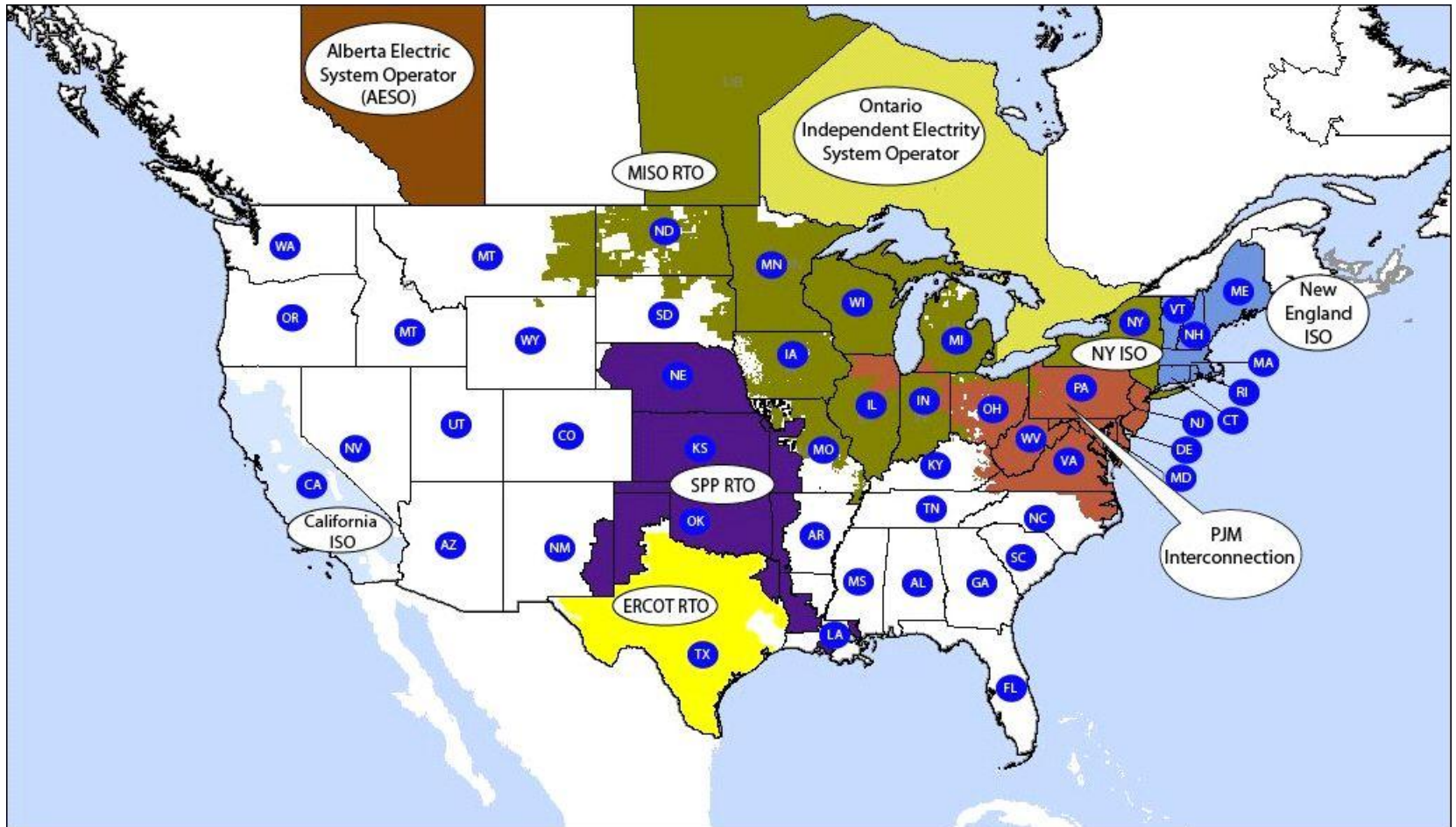


# Written Order Decisions in Rate Cases for WPL, WPSC, We Energies on Time of Day and Interruptible Rates in 2009

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- Each utility has to make a compliance filing on September 1, 2010
  - Alliant 6680-UR-117
  - WPSC 6690-UR-119
  - We Energies 05-UR-104
- Plan with analysis will be submitted on September 1, 2010; Rates will be vetted in each utility's forthcoming rate case

# Organized Energy Markets





# Types of Demand Response Programs in Organized Energy Markets – PJM Example

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- Emergency - Long term resource adequacy
- Ancillary Services – Short term resource adequacy
- Economic – Price responsive demand



# PJM Demand Response Programs

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	Emergency	Economic	Ancillary Services
Compensation	Capacity based credit based on auction price conducted 3 years ahead; Energy based credit when event occurs	Based on customer price triggers (LMP – Retail Commodity Rate)	Capacity payments based on hourly clearing prices
Notification	2 hours ahead	Could be hour ahead or day ahead	10 minutes
Metering	Hourly interval data	Hourly interval data	1-minute; SCADA response

Each customer's interruptible load can participate in more than 1 DR program; There are rules to avoid double payments when DR program events occur simultaneously



# Demand Response – FERC Dockets

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## FERC Order 719

- Required that organized energy markets (eg. MISO, PJM) introduce rules that allow third party demand response participation and identify whether additional reforms are necessary to eliminate barriers to demand response
- Regarding third party demand response participation, includes the provision *“unless the laws or regulations of the relevant electric retail regulatory authority do not permit a retail customer to participate”*



## Demand Response – FERC 719

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- MISO compliance filing
  - Proposed tariff removed some of the barriers to participation regarding metering/forecasting requirements
  - Regarding Compensation, recommended LMP – Marginal Foregone Retail Rate
- FERC has not yet ruled on this filing
- States proceedings on allowing third party demand response – WI, MI, MN, IN, ND



## Demand Response – FERC NOPR

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- FERC's proposal in the NOPR:
  - With respect to balancing supply and demand, demand response is comparable to generation
  - Demand Response should be compensated full LMP
  - Compensation should be standardized across all RTOs
- Decision expected sometime this fall