

FERC PROPOSES INITIAL STANDARDS FOR DEMAND RESPONSE RESOURCES AND ANNOUNCES CONFERENCES FOR DEMAND RESPONSE ACTION PLAN

The Federal Energy Regulatory Commission (FERC) continues to act to foster demand response in electricity markets. FERC proposed to adopt business practice standards to support the measurement and verification of demand response products and services in organized wholesale electricity markets. The agency also announced two conferences to address its forthcoming draft action plan on demand response.

PROPOSED STANDARDS FOR DEMAND RESPONSE RESOURCES

At its September 17, 2009 public meeting, FERC approved a Notice of Proposed Rulemaking (NOPR) that represents its first step toward establishing standards for demand response products. The NOPR proposes to adopt business standards primarily intended to enhance the transparency and consistency of the methods used to measure and verify demand response products in wholesale electricity markets administered by independent system operators (ISOs) or regional transmission organization (RTOs). The standards were developed by the North American Energy Standards Board (NAESB).

The proposed standards include two parts. First, there are standards that identify operational information about demand response products that system operators must make available. The standards identify four wholesale electric demand response products: energy, capacity, reserves and regulation. For each of these products, the standards require the system operators to make information publicly available on: specific operational requirements; telemetry requirements; after-the-fact metering requirements; and performance evaluation rules. Most of the requirements are the same for all four products.

Second, there are standards for performance evaluation methods for demand response products. The proposed standards require the system operator to make publicly available the specific method to be used and the information required for the performance of resources providing demand response products. A system operator must define criteria and requirements for telemetry, metering, and performance evaluation, including baseline window, calculation type, sampling, baseline adjustments and measurement methods to evaluate the performance of each demand response product.

The proposal also includes a glossary that provides standardized definitions of demand response services, operational terms and performance measurements.

FERC noted that the proposed standards are only a starting place to develop a more comprehensive set of standards for demand response products and said that the industry should take the lead in developing and implementing demand

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response standards that will be both practical and workable. The NOPR requests comments on whether the Commission should establish a deadline for the development of these remaining critical standards and, if so, what that deadline should be.

FERC proposes to incorporate by reference the NAESB proposed standards into its regulations. NAESB is an accredited member of the American National Standards Institute (ANSI), complying with ANSI's requirements that its standards reflect a consensus of the affected industries. Over the years, FERC has incorporated some of NAESB's standards into its regulations. Section 12(d) of the National Technology Transfer and Advancement Act of 1995 affirmatively requires federal agencies to use technical standards developed by voluntary consensus standards organizations, like NAESB, as a means to carry out policy objectives or activities determined by the agencies unless use of such standards would be inconsistent with applicable law or otherwise impractical.

Comments on the proposed rule are due October 22, 2009. The NOPR is available at: <http://www.ferc.gov/whats-new/comm-meet/2009/091709/E-1.pdf>

TECHNICAL CONFERENCES TO ADDRESS NATIONAL ACTION PLAN

FERC staff will hold two technical conferences to support the development of the National Action Plan on Demand Response. The conferences are scheduled for October 22, 2009 at FERC's offices in Washington, D.C. and October 27, 2009 in Portland, OR. A *Discussion Draft on Possible Elements of a National Action Plan on Demand Response* will be released for comment prior to the technical conferences.

Section 529 of the Energy Independence and Security Act of 2007 directed FERC to develop a National Action Plan on Demand Response. The objectives of the plan are to:

- Identify requirements for technical assistance to states to allow them to maximize the amount of demand response resources;
- Design and identify requirements for implementing a national communications program that includes broad-based customer education and support;
- Develop or identify analytical tools, information, model regulatory provisions, model contracts, and other support materials for use by customers, states, utilities and demand response providers.

FERC will establish a comment period for submitting comments on the discussion draft and the technical conferences. The notice announcing the conferences is available at: [http://www.ferc.gov/EventCalendar/Files/20090918161148-AD09-10-000TC%20\(2\).pdf](http://www.ferc.gov/EventCalendar/Files/20090918161148-AD09-10-000TC%20(2).pdf)

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