

The Future of DSM – Key Trends that will Influence DSM Going Forward

Plenary Panel:

Richard Sedano: Principal, U.S. Programs Director,
Regulatory Assistance Project (RAP)

Andrew Pride: Vice-President of Conservation,
Ontario Power Authority

Gordon E. Kaiser: FCI Arb, JAMS Resolution Center (Toronto.Dallas.London)
(former Vice Chair Ontario Energy Board Energy Board)

Moderator: Daniel Violette, Managing Director, Navigant Consulting

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Issues for DSM Going Forward

Richard Sedano, RAP:

- The impact of lower natural gas prices on DSM
 - Perception of lower value (avoided cost) by consumer advocates
 - Increases value of scenario analysis in planning
 - Longer term values less affected than shorter terms due to cost of new construction, especially if climate change is a motivator
- Increasing pressure on EM&V due to bigger DSM targets
 - Ten years ago, EM&V was more routine. What's changed?
 - Performance rewards for utilities more common, bigger numbers
 - Resource planners need to see energy efficiency they expect
 - System operators want to know that EE in places A ... Z are comparable
 - Air quality regulators want to count on EE for Clean Air compliance
 - Attribution gets more attention with more money in play

Issues for DSM Going Forward

Richard Sedano, RAP:

- A drive towards achieving regional consistency in DSM planning and evaluation being led by regional organizations, e.g., the NEEP
 - NEEP EM&V forum serving ISO-NE, NYISO and PJM market states – most increasing DSM emphasis
 - Process is “user driven” with a steering committee composed of PUCs and Program Administrators from the NEEP states
 - Air regulators also actively involved
 - National efforts
 - by NAESB and now FERC
 - Watch out for comparable = equal
 - by US DOE: Uniform Methods project
- Building smart grid into programs, program evaluation

Issues for DSM Going Forward

Andrew Pride, OPA:

- Information as an Energy Source
 - Increase in consumer awareness and education to drive conservation
 - Trend toward Energy Benchmarking in all sectors will increase competition and building energy performance
 - Innovations using Smart Grid are increasing exponentially
- Engaging Networks
 - Conservation growth is requiring the need for enhanced training and education for service providers
 - Embedded Energy Managers are becoming vehicles for trusted in-house knowledge
 - Retailers and Contractors who connect with customers offer a new leveraged position for conservation

Issues for DSM Going Forward

Andrew Pride, OPA:

- Conservation is Good Business
 - Drive toward Corporate Social Responsibility Reporting is increasing conservation's impact and value to shareholders
 - Lower energy use is starting to become a competitive advantage for building owners
 - As rates increase the value of conservation and its return-on-investment are becoming more appealing

Issues for DSM Going Forward

Gordon Kaiser, JAMS Resolution Center:

- Regulatory Issues:
 - What is the role of the Regulator? Is it changing?
 - What has worked - What has not worked
 - What are the Future Issues?

Issues for DSM Going Forward

Moderator – Dan Violette, Navigant:

- Consequences of the economic downturn and the perceived need for CDM/DSM.
- Pressure to cancel programs in some states.
- Concern over rate impacts – DSM cost pass through clauses.
- However, there is a high cost of having to start over after being out of DSM.
 - Benefits of maintaining key CDM/DSM infrastructure,
 - customer commitment and awareness, and
 - trade ally relations and competencies.
- So, does this argue for a new view of DSM?

Issues for DSM Going Forward

- Is there an argument for building the DSM power plant with target capacity for periods of two to three years:
 - Baseload Energy (energy efficiency),
 - Capacity (demand response)
 - Ancillary services (fast-response and auto-DR)
- Processes:
 - The plant is periodically refurbished with new programs and technologies.
 - It is monitored through testing and on-going measurement.
 - It is inspected through periodic in-depth evaluations.

Issues for DSM Going Forward

- WHY the DSM power plant:
 - It develops needed long-term capabilities,
 - It maintains customers in the DR resource since there is consistency in the program(s).
 - It's low capital cost with its diverse cost drivers compared to supply-side resources makes it a potential hedge against the costs of low-probability, high-consequence events.
 - Makes DSM an on-going business process that receives appropriate financial treatment, and DSM becomes mainstreamed as a core utility business



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