

CONSULTATION RESPONSE TEMPLATE

<i>NAME OF RESPONDENT</i>	Energy Curtailment Specialists, Inc.
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<i>TYPE OF COMPANY</i>	Demand Response Service Provider
<i>INTEREST IN DSM</i>	Energy Curtailment Specialists, Inc. is a third party aggregator for demand response customers in the US and Canada. ECS is currently looking at expanding their demand response services into the European market and therefore would like to provide our comments and ideas for Demand Side Vision for 2020.

SECTION 2

QUESTION 1: Do you agree with our characterisation of the four types of benefits that demand side management can provide?

ANSWER: Demand Response can be used for a number of uses. The four types as outlined in the document are valid uses for demand response, energy efficiency which seeks to lower usage permanently, static peak reductions which require customers to lower their usage through shifting processes permanently to another time of day, flexible measures which require customers to curtail their usage for short durations, and ancillary services which allow demand response resources to respond and provide either spin reserves (or non-spinning reserves) or regulation (frequency) to the electric system.

QUESTION 2: Are there other cost savings which you believe demand side management can deliver?

ANSWER: Other cost savings benefits that can be obtained through demand side management can be captured in lower capacity prices. By allowing demand side management to participate in capacity markets it allows end use customers the ability to recapture capacity costs, increases the available capacity supply, which directly lowers the cost of capacity for the entire market. One only needs to look at the North American capacity markets to realize the benefits that end use customers, and the wholesale markets, have achieved by allowing demand side management the ability to participate on equal footing with traditional generation resources.

QUESTION 3: Are there additional studies and reports (to those listed in **Error! Reference source not found.**) which you are aware of and believe we should review?

ANSWER: Many of the North American wholesale markets, ISO-NE, NYISO, and PJM, have reported the benefits of demand response participation in their wholesale markets, and most notably capacity markets and economic

programs.

QUESTION 4: What other insights do you have from your experience of demand side management adopted internationally?

ANSWER: Our insight from our current customers that participate in demand response shows that several factors must be included in any demand response program in order to gain full saturation of demand response. First, programs must take into consideration that not all customers operate in the same manner and therefore rules that govern their participation in demand response must reflect these operational differences. When looking at the operation differences between a manufacturing facility compared to a commercial box store many operational differences become apparent. Rules pertaining to response time, baseline calculations, number of dispatch hours, and performance measurement must seek to enable a large sector of participation, otherwise the full potential of demand response will not be realized.

QUESTION 5: Are you aware of other quantitative findings from international experience which you believe are important for us to capture and consider?

ANSWER: n/a

QUESTION 6: Do you agree with our identified drivers of future value for demand side response/management? Are there any additional drivers we should consider?

ANSWER: ECS agrees with the drivers for future demand side management but would also like to add that many larger industrial customers will need the ability to determine day ahead if their demand will need to be curtailed for the next day. For many industrial customers curtailing demand in day, without a day ahead notification, these customers are faced with moving critical processes to other periods of the day or night and may not have the ability to shift demand without advanced notice. ECS does agree that utilizing demand side management will help to eliminate the need to build peaking generation in order to continue to meet peak demand.

SECTION 3

QUESTION 7: Are there any other aspects of current demand side activity in Ireland which should be captured?

ANSWER: In North America some of the wholesale electric markets have allowed end-use customers that perform energy efficiency upgrades to receive capacity credit for the full life of the associated energy efficiency upgrade. This capacity incentive has pushed many states in the direction of meeting their energy efficiency goals. Additionally, throughout North America wholesale markets, and utilities, have allowed end-use customers to enroll in demand side programs through the use of third party aggregators. Third party aggregators have the ability to aggregate load reductions to meet the minimum threshold requirements, shield the customer from risk and limit their requirement to learn and facility complicated market rules.

QUESTION 8: Do you agree with our high level assessment of the potential for demand side management in

Ireland by 2020?

ANSWER: While Table 4 shows the potential for demand side management it is hard to say whether the high level assessment is representative of demand side managements full potential in Ireland for 2020. Currently in the United States many of the wholesale markets that have fully developed demand side management programs have reached a 10% participation rate of peak system demand. Assessing how many MWs of demand side management will participate in programs will largely be driven by how demand side management program rules are established and what availability payment will be given to the customer to offset each customers lost opportunity cost.

SECTION 4

QUESTION 9: Do you agree with our definition of each individual demand side measure?

ANSWER: The consultation paper states that may of the industrial and commercial customers have the flexibility to operate in response to price signals. While many customers have the ability to respond to price signals I would also add that longer lead times, such as day a-head notification, will assist with the ability of industrial and commercial facilities to more fully participate in demand side management programs.

QUESTION 10: Is our description of the current policy baseline for each demand side measure accurate and complete. If there are omissions please point them out.

ANSWER: n/a

QUESTION 11: Do you agree with our categorisation of different types of “market issue” and typical remedies for each?

ANSWER: Yes, ECS would like to point to the “Overly Restrictive Rules” sections, as we fully support a full review of these rules and the possibility of relaxing such rules so as to remove barriers to entry into the market for demand side management resources and aggregators. By fully reviewing and changing rules that are too restrictive this will allow additional demand side management resources to participate in the market.

QUESTION 12: Do you agree with our identified barriers and enablers for each of the specific demand side measures we have identified?

ANSWER: For the industrial and commercial scale demand side response barriers ECS agrees that lack of revenue predictability, lack of transparent pricing, and overly costly communications and control equipment will only seek to bar full participation, not only for industrial/commercial customers, but for many sectors of the market that might seek to participate in demand side programs.

QUESTION 13: Do you agree with our identified market issues for each specific demand side measure and our

proposed remedies to address these?

ANSWER: For Industrial/Commercial barriers, ECS believes that the remedies identified will seek to address barriers for more robust demand side participation. All remedies should also seek to allow aggregators (third party providers) the ability to aggregate load to meet minimum MW requirement.

QUESTION 14: What are your views on the likelihood and effectiveness of the identified policy options addressing the specified market issue and delivering the desired change?

ANSWER: n/a

QUESTION 15: Are there any unintended undesirable consequences that any of the options might create elsewhere?

ANSWER: n/a

SECTION 5

QUESTION 16: Do you agree with our identified specific demand side measures and our assessment of the different types of benefits each demand side measure provides?

ANSWER: For the industrial and commercial sectors I believe that emergency demand side measures should be put into place for these customers, which would go beyond interruptible contracts. While interruptible contracts might be a feasible solution for the largest customers within these sectors, because larger customers might have the resources needed to learn and administer the program internally, this is not a viable solution for smaller industrial and commercial customers. If greater market penetration is the goal then allowing third party providers the ability to shoulder the risk and provide these customers with market expertise will only seek to expand demand side customer participation. One way would be to allow third party providers to sign interruptible contracts and then allow third party providers to aggregate and enroll customers into their interruptible contracts. Essentially allow third party providers to sign a contract with either the wholesale market, or the utility, that allows a third party provider to meet their contract commitment through aggregation of customers for emergency interruptions.

QUESTION 17: Are there any additional demand side measures that we should individually identify and assess? If so, what type of benefit(s) is it felt they provide?

ANSWER: Yes, please see the answer to Question #16 above.

QUESTION 18: Have we identified all of the relevant criteria for assessing the individual and comparative merits of the demand side measures?

ANSWER: Yes, however I would note that by allowing third party aggregators to enroll end use customers into demand side management programs this will facilitate greater competition and will foster job creation in the energy sector. Also, fostering market rules that support demand side management will help to ensure adequate and diverse energy supply. One of the greatest benefits from demand side management is the MW that is never consumed because it reduces the need to operate higher and environmentally unfriendly generation and reduces the need to build peaking generation.

QUESTION 19: What are your views about our approach to high level assessment of different demand side options?

ANSWER: For the industrial and commercial sectors I believe that competition and consumer choice should be rated as high, rather than medium, as customers clearly want choice when enrolling in a demand side management program. Additionally, in the US demand response markets ECS has found that many of our customers that enroll in demand side management will utilize the revenue stream that is provided to foster energy efficiency upgrades at their facilities. Many of ECS' customers have indicated that without the revenue from their demand side management participation they would not have upgrade operations, or equipment, in their facility. Demand side management is that tool that get's customers thinking about other ways they can reduce their energy needs and costs.

QUESTION 20: Do you agree with our assessment of each demand side measure against each of the identified factors?

ANSWER: Yes

QUESTION 21: Do you agree with our overall assessment of the relative merits of the different demand side options?

ANSWER: Yes

QUESTION 22: Do you have any comments on our high level assessment of the benefits of different demand side measures?

ANSWER: Yes, however when looking at frequency response I would note that not all customers will have the ability to provide such a products, as frequency response requires a very short call window, which many industrial and potentially commercial customers will not have the ability to respond to.

SECTION 6

QUESTION 23: Do you agree with our assessment of the relative priorities of different demand side options in

developing a 2020 Demand Side Vision?

ANSWER: Yes, I believe that the largest sector of the market, industrial and commercial, will have the ability to produce the largest amount of demand side management, and curtailable MWs for the market. However, I would caution that if market rules and the ability to utilize a third party provider are not carefully constructed there may be little MW enrollment for this sector of the market.

QUESTION 24: What alternative views do you have on relative (merits and) priorities?

ANSWER: I believe that several factors will be critical for full participation from industrial and commercial customers. There are five critical elements associated with a fully robust demand side management program that must be considered: 1) baseline methodology, 2) advanced notification, 3) frequency of called events, 4) ability for third party providers to participate (aggregate loads and enroll these loads as a block of MWs), and 5) revenue stream to end use customers for their participation in a program. I believe if the five critical elements are fully flushed out and market rules are developed that foster each of the elements then a more robust demand side management program will be realized.

QUESTION 25: Do you agree with our proposed high level 2020 Demand Side Vision as described above?

ANSWER: Yes, and also believe that demand side management will and can play a critical role in balancing system demand, as well as lowering wholesale energy costs.

QUESTION 26: What alternative vision would you put forward?

ANSWER: I would put forward that third party providers be part of the 2020 vision for demand side management. Third party providers have played a critical in US demand side programs and have been the instrument that has driven up enrolment in demand response.

QUESTION 27: Do you agree with our proposed policy pathways for implementation of the identified different policy options for realising our proposed 2020 Demand Side Vision?

ANSWER: Yes

QUESTION 28: What alternative policy pathways would you propose based on your previous comments and responses?

ANSWER: Conduct demand response workshops that encourage third party providers to provide their input into market rule and policy changes that will allow great penetration for demand side management.

QUESTION 29: Do you have any additional view or comments you feel are important/useful for us in (a) establishing a Demand Side Vision for 2020; (b) identifying associated policy development and (c) determining policy pathways?

ANSWER: n/a

QUESTION 30: Are there any final comments industry stakeholders wish to make about this consultation and the proposed next steps in the consultation process?

ANSWER: Again, I believe that conducting demand response workshops that encourage third party providers to provide their input into market rule and policy changes will allow great penetration for demand side management and should be a next step.