



## 2012-2014 Considerations for Program Design

### Auto DR Workshop 2

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# Re-evaluate Auto DR Cost Effectiveness

- IOUs propose a re-evaluation when sample size is larger
- SCE’s 2009 load impact was assessed on 22 service accounts
- 2010 show increased customer enrollment
- Average Cost/kW for projects have decreased over time

SCE’s Auto DR Enrollment as of 10/6/10:

	In Progress		Paid	Total YTD
<b>No. of Service Accounts</b>	147		105	252
<b>Estimated/Tested kW</b>	63,351		32,154	95,505
<b>Incentives (estimated/paid)</b>	\$ 11,889,393	\$ 7,240,106	\$ 19,129,499	
<b>Average \$/kW (in progress/paid)</b>	\$ 187.67	\$ 225.17	\$ 200.30	

# Revisit Load Shed Test Methodology

## CURRENT METHODOLOGY

SCE's load impact test methodology uses:

- The customer's summer baseline
  - Most recent four summer months
  - Average summer on peak energy usage
- A two-hour on-site verification test
  - Equipment installation
  - System reduces load automatically
  - Meter data indicates load reduction during test period

## FUTURE PLANS

- Review recent performance to ensure test methodology reflects DR program load impacts as well as possible
- Consider alternative load shed test methodologies or calculations, but recognize baselines can change over time due to:
  - Economic conditions
  - Conservation

# Evaluate Incentive Payment Levels

- SCE is considering the following program changes to the incentive payment structure:
  - Adding a performance-based element, for example:
    - 75% of total technology incentive payment after measurement and verification
    - 25% based on performance (TBD)
  - Possibly extend twelve month provision
- Retain \$300/kW maximum cap for Auto DR incentives due to:
  - Customers and vendors wanting to “Keep it Simple”
  - Higher cost/kW to implement controls for smaller customers
  - Industrial customers need more sophisticated controls
  - In this economy, customers will not invest in DR technology if payback period is too long
  - In more than 50% of Auto DR projects, vendors carry the financing
  - Broader market penetration for Auto DR still needs to be achieved
  - Frequent changes in program rules cause customers/vendors confusion

# Enhance the Auto DR Program

- In May 2010 (Advice 2462-E), the CPUC approved SCE's expansion of eligible programs for incentives to include:
  - Aggregator programs
    - Capacity Bidding Program (CBP)
    - Demand Response Contracts (DRC)
  - Real Time Pricing Rates
    - RTP-2 ( $\geq 500\text{kW}$ )
    - PA-RTP (Agricultural customers)
- SCE filed for approval of an RTP rate for all non-residential customers
- In 2012-2014, about 600,000 commercial customers  $< 200\text{kW}$  will default to CPP
  - Additional DR opportunities
  - Good candidates for shallow Auto DR
- Continue support of OpenADR standards development
- Honeywell SmartGrid Investment Grant – \$11 million ARRA funding. Honeywell's grant will be available until funds are exhausted but require matching funds
  - Updated Auto DR Enablement Goals:
    - 2010 – 5 MW
    - 2011 – 50 MW
    - 2012 – 25 MW

# Integration with CAISO Markets

Auto DR supports wholesale market integration and locational dispatch

- SCE expects CBP and DRC to be the first SCE programs ready to bid into the wholesale market
- Auto DR enables locational dispatching
- Auto DR can meet fast dispatch (ten minutes) requirements for ancillary services
- SCE is exploring Auto DR functionality to provide the telemetry required for some CAISO markets (e.g., Ancillary Services)

# QUESTIONS

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