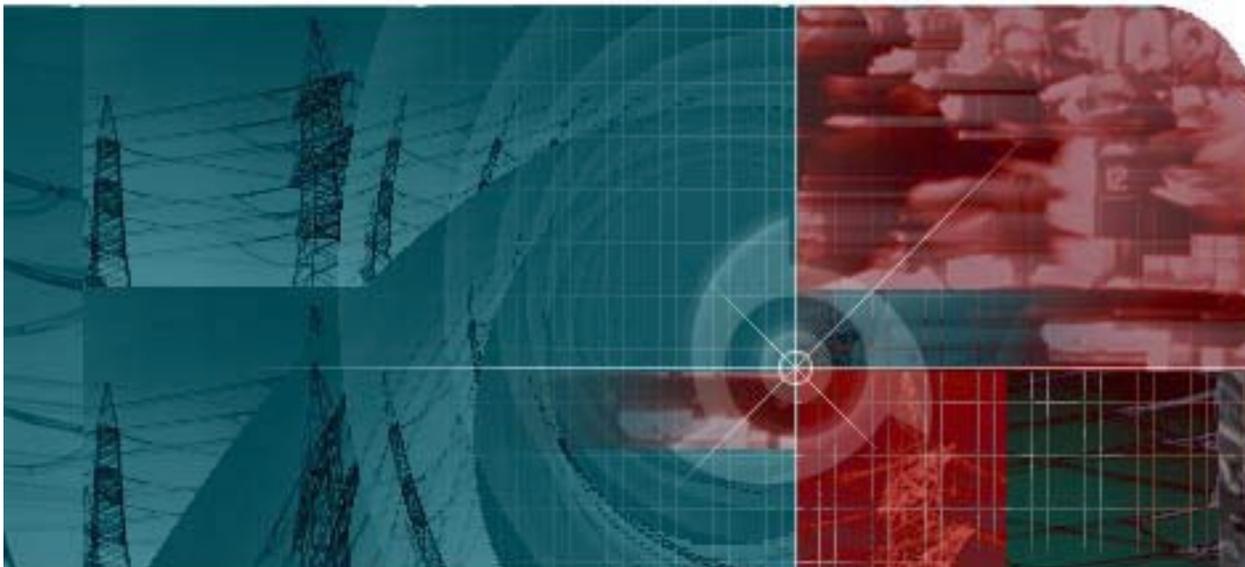


# Proposed Market Rules for Successful Demand Response Programs

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# The Process

- Enlisted a cross section of industry participants including:
  - RETX, Apogee Interactive, GoodCents Solutions, Summit Blue Consulting, Customized Energy Solutions, E-Cubed, Price Responsive Load Coalition, and EPRI
- Drew upon rules, experiences and lessons of PJM, ISO New England, New York ISO, and professional experience in other jurisdictions
- Peak Load Management Alliance (PLMA) paper: *Demand Response: Principles for Regulatory Guidance*



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# The Mission

- Propose Demand Response Resource (DRR) Policy recommendations and standard ISO/RTO Business Rules
- We tried to suggest a starting point, but we do not expect this paper to be the finish line
- Local markets should be allowed and encouraged to improve upon the rules provided that the changes make it easier and more beneficial for DRR participation



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# Call to Action



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- DRR should participate in RTO/ISO standard market design
- ISO/RTOs should take all necessary steps to ensure that DRR support at least 5% of the system wide peak load
  - Rational: 5% DRR can reduce market cost by 50%
- ISO/RTOs should not only promote DRR participation, but they should support its development financially and with operational rules that facilitate market participation and eliminate barriers
  - Financial support may be reviewed when the ISO/RTO reaches its 5% DRR goal

# Financial support should include



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- Allow consumers to keep unused energy costs as well as market clearing prices
- Assist with infrastructure costs for advanced metering and communications
- In the absence of visible locational pricing and markets, DRR should be compensated equivalently to any other market participant that receives above market payments or other consideration for the locational value

# Operational support should include

- Eligibility in all markets: Energy, Reserves, Ancillary Services & Capacity
- Standardized data exchange format
- Participation for all market classes: Residential, Commercial & Industrial
- Work with environmental agencies to simplify participation of distributed generation



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# Recommendations to FERC



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- Affirm the policy recommendations and approve the pro-forma DRR business rules
- Require ISO/RTOs to provide semi-annual status reports on efforts to promote DRR in each region
- Hire an independent auditor to provide prudence audits on the ISO/RTO's progress and program structure
- Host at least two industry DRR conferences per year to promote best practices

# Conclusion

- DRR has come a long way in the last few years, but there is still a long way to go to reap all the benefits
- FERC can help DRR thrive by implementing the policy recommendations and business rules
- We are happy to work with any interested party to continue to refine and improve these rules



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