



# **Money on the Table: How Utility Program Planning Practices are Failing to Harness the Full Value of Demand Response**

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# Is DR Really Being Used?

- Demand response is moving from legacy or fringe utility programs to essential components of the utility and ISO resource mix
- But many utilities still keep DR in a silo of the DSM program group where system planners and grid operators have little input to program design and little confidence in the value of securing or dispatching the DR resource.
- Hypothesis: common practices at U.S. utilities in developing and utilizing DR programs are insufficient to ensure the continued expansion of DR resources that will be used by system planners to defer alternative capacity investments and by grid operators as a substitute for the dispatch of peaking units

# Value of DR

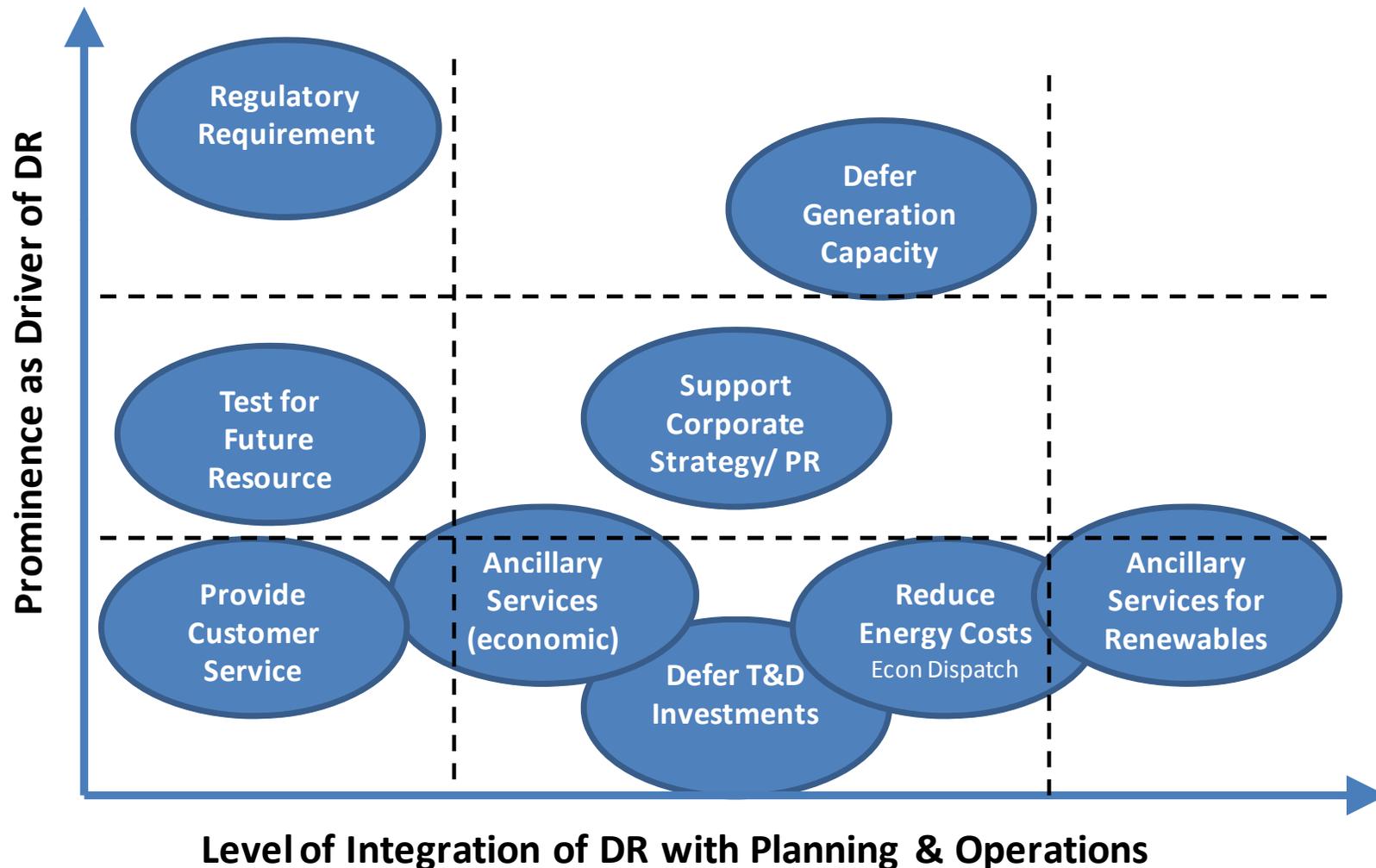
Value of DR depends on:

- amount of curtailable MW
- the frequency and duration with which the curtailments can occur
- the direct measure of value provided by the curtailments (eg, avoided cost)

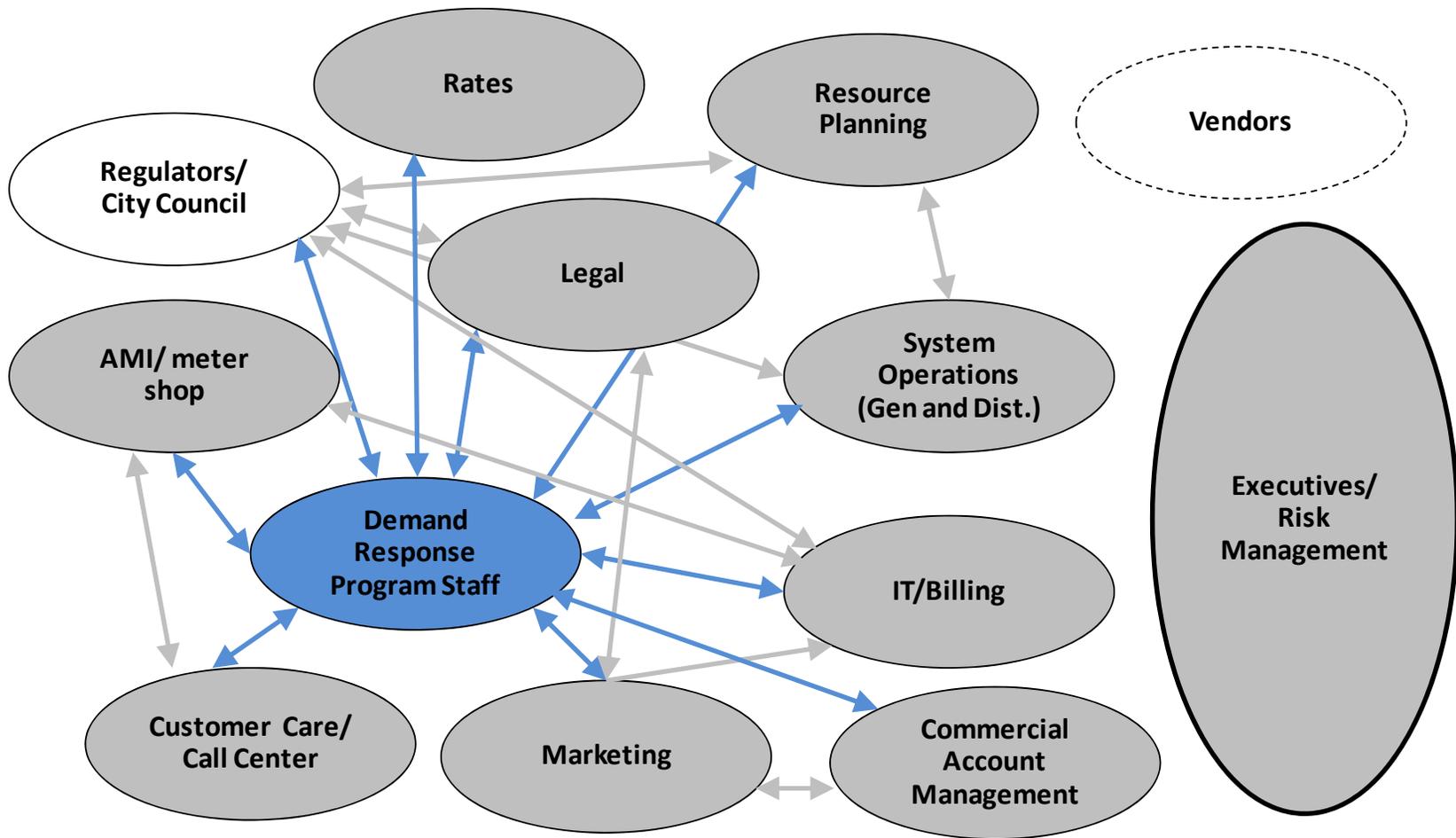
But the value realized by utilities is heavily influenced by two additional factors:

- Drivers of (rationale for) program development; and
- Roles in program planning and design within the utility.

# Drivers of DR Programs Determine the Level of Integration Across the Utility



# Effective DR Requires Coordination Across the Utility



# Conclusions

- A missing link in the discussion of utility DR programs is how they contribute to deferral of generation resources
- DR programs are of little value if
  - resource planners do not use the megawatts from the program to reduce the amount of capacity needed from supply-side resources.
  - grid operators don't dispatch the resource
- Common utility practices appear to be underutilizing DR resources by developing programs in a silo
- Many DR programs are not meeting their potential
  - In terms of the size of the resource (curtailable megawatts)
  - Planners and grid operators cannot fully utilize the megawatts to add reliability and create value for the utility



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