

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**National Action Plan on Demand Response**

**Docket No. AD09-10-000**

**COMMENTS OF  
THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**

The New York Independent System Operator, Inc. (“NYISO”) respectfully submits these comments in response to the *Draft for Comment of the National Action Plan on Demand Response* released by the Federal Energy Regulatory Commission Staff on March 11, 2010 (“Draft Plan”)<sup>1</sup>. The NYISO strongly supports the Commission’s and Staff’s efforts in this proceeding and continues to support and rely on demand response as a valuable supply resource that plays an essential role in the operation of efficient wholesale energy markets. These comments seek to emphasize the critical importance and need for standards development for measurement and verification protocols for demand response. In addition, these comments support Staff’s strategic vision for a stakeholder coalition envisioned in the Draft Plan to assist the federal government in implementation of the final action plan, and suggest that it take shape under a more formal organizational structure than discussed in the Draft Plan.

**I. Background**

Congress has required the Commission to develop a *National Action Plan on Demand Response* (“National Action Plan”) in section 529 of the Energy Independence and Security Act

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<sup>1</sup> Draft for Comment of the National Action Plan on Demand Response (March 11, 2010), available at <http://www.ferc.gov/legal/staff-reports/03-12-10-demand-response.pdf>

of 2007 (“EISA”), entitled “Electric Sector Demand Response.”<sup>2</sup> To this end, the Commission Staff issued a *Discussion Draft on Possible Elements for the National Action Plan*<sup>3</sup> and held a Technical Conference on November 19-20, 2009 to provide a framework for the public comment and stakeholder input in developing the Draft Plan. The NYISO participated in the Technical Conference, which provided the opportunity for many industry stakeholders to learn and share the diverse perspectives on the issues addressed in Draft Plan. Staff has taken into account this diversity in setting out its strategic vision in the Draft Plan. Staff’s vision calls for the formation of a stakeholder Coalition that would assist the federal, state and local governments with the implementation of three strategic activities: 1) provide technical assistance to the States; 2) conduct a national communications program that encompasses broad-based customer education and support; and 3) establish a platform for the development, enhancement and dissemination of the tools, materials, methods and standards needed to assess the performance and impacts of demand response programs. The NYISO fully supports these actions and the Commission’s overall objective to maximize the effectiveness of demand response resources by enabling price-responsive resources and facilitating market penetration of developing “smart grid” technologies and programs.

## **II. Comments**

NYISO supports the goals, strategies and actions set out by the Commission in the Draft Plan in its efforts to craft an effective National Action Plan that realizes the potential for demand response resources throughout the nation. Demand response resources continue to play an

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<sup>2</sup> Energy Independence and Security Act of 2007, Pub. L. No. 110-140, § 529, 121 Stat. 1492, 1664 (2007) (to be codified at National Energy Conservation Policy Act, 42 U.S.C. §§ 8241, 8279).

<sup>3</sup> Discussion Draft on Possible Elements for the National Action Plan (Oct. 2008), *available at* <http://www.ferc.gov/EventCalendar/Files/20091028124306 - AD09 - 10 - 000 - Discussion.pdf>

important role in the NYISO markets. The NYISO offers two demand response programs that support system reliability: The Emergency Demand Response Program (“EDRP”) and the Installed Capacity-Special Case Resource Program (“ICAP/SCR”). In addition, the NYISO has also established a Day-Ahead Demand Response Program (“DADRP”) and a Demand Side Ancillary Services Program (“DSASP”) that allow demand response resources to participate in the NYISO’s ancillary services markets.

The NYISO fully supports the Draft Plan’s call for a coordinated communication and outreach program to customers — and state and local governments — in support of the deployment of emerging smart grid technologies for use in demand response programs. In developing the NYISO’s demand response programs listed above, the NYISO held multiple outreach meetings with Transmission Owners and potential demand response providers to explain program benefits, administrative costs, and participation requirements. The NYISO has also collaborated with the New York State Energy Research and Development Authority (“NYSERDA”) to prepare primers and other communication materials that present the NYISO’s demand response programs to New York consumers. The NYISO also works with the New York State Public Service Commission and Transmission Owners to coordinate retail demand response programs in New York with the existing NYISO-administered programs. In addition to these efforts, the NYISO continually works with its own stakeholders at the Price Responsive Load Working Group to support, refine and improve its demand response programs. As noted below, the NYISO is also actively participating in several initiatives to develop the tools, standards and infrastructure necessary to expand on market opportunities for demand response resources.

### ***A. Development of Standards for Demand Response***

The NYISO believes in the paramount importance of standard, replicable methods and protocols for the measurement and verification of demand response performance. Measurement and verification is particularly critical when developing a customer's energy consumption baseline, which is needed to represent the load that would have been consumed absent a load reduction triggered by a demand response program. Such standards and methods, however, must allow for the wide variations in customer types and energy consumption patterns as well as account for the interaction of both retail and wholesale demand response programs. These standards also have to be developed to meet the reliability requirements of the grid operators and be of comparable rigor to the performance measurement standards in place and applicable to other energy suppliers participating in the competitive energy markets. While measurement and verification standards development is a crucial component of the Draft Plan, the Commission correctly points out that currently these methods vary significantly across the country.<sup>4</sup> The National Action Plan, however, must not dictate a single one-size-fits-all approach for standards development. The Draft Plan correctly points out that a single message may not be applicable to all customers or electricity stakeholders; instead the Draft Plan should establish a framework for standards development that allows broad-based implementation as to each region's specific needs and technical requirements. A single, inflexible standard may not be applicable to all customers or adequately serve the needs of the states or electricity stakeholders in the region. As the Draft Plan points out: implementation should not be tied to a single edict, but "instead, it should provide a framework of messages that universally appeals to customers, but which can be employed in part or whole - as deemed appropriate by local demand response implementers - to

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<sup>4</sup> Draft Plan, p.67.

each region, state or locality.”<sup>5</sup> This need to allow for flexibility in implementation is critical with regard to developing measurement and verification standards and protocols.

The NYISO welcomes the consideration and attention the Commission has given to this subject in the Draft Plan as it continues to work with its stakeholders and industry groups to develop and evaluate the tools, methods and protocols that are needed to further support its demand response resources and resolve the market, operational and reliability issues associated with further growth and development of these resources in New York. Through the ISO/RTO Council (“IRC”), the NYISO is involved with several standards development organizations that are intent on developing technical standards for demand response resources. These include: 1) the development of standards for the measurement and verification of demand response through North American Energy Standards Board (“NAESB”) and continued participation in the Phase 2 efforts underway for measurement and verification; 2) participation in NIST Smart Grid standards efforts through NAESB’s Smart Grid Task Force and Organization for the Advancement of Structured Information Standards (“OASIS”) where standards for demand response signals are being developed; and 3) the North American Electric Reliability Corporation’s (“NERC”) Demand Response Data Task Force, where the NYISO is participating in the development of the process and reporting mechanisms for NERC’s Demand Response Availability Data System (“DADS”).

***B. Formation, Leadership and Participation of a Coalition to Assist in the Implementation of the National Action Plan***

The Draft Plan recommends the formation of a Coalition to assist the federal government in implementing the National Action Plan because it will likely yield greater reach and depth than would otherwise be accomplished by ad hoc stakeholder participation. The NYISO agrees.

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<sup>5</sup> Draft Plan, p.67.

The Coalition is an effective way to bring together the diverse group of industry stakeholders, state and local regulators, and the end use consumer that will need to implement the National Action Plan. Criteria for a successful Coalition are discussed in section 1.1 of the Draft Plan: 1) clear goals; 2) a clearly organized structure; 3) good leadership; and 4) clear funding. This will be a tall order considering the complexity of the electric industry, which is made more complex by the local, state and regional variations in regulatory structure and market design. The NYISO believes that a clearly organized structure and mission for the Coalition is critical to success, but effective and transparent leadership is equally important. The Coalition leadership must be representative of and be accountable to all stakeholders groups, whether they are defined by region or state or by their role in the electric industry. However, a clear organizational structure that welcomes volunteer participation and leadership will not be sufficient to address these concerns adequately. The Coalition's charter, by-laws and other governing documents must be put in place to ensure that the goals and activities of the Coalition are transparent and represent the needs and interests of the majority of the stakeholders.

While the Draft Plan proposes that the Coalition will be made up of volunteer stakeholders it does not establish how the Coalition leadership will be selected. This process needs to be established in advance and must ensure that the varied stakeholder interests are represented in the Coalition's leadership and governing processes. One organizational model the NYISO recommends was recently employed for the National Institute of Standards and Technology's ("NIST") Smart Grid Interoperability Panel ("SGIP"), a similar stakeholder panel effort taking place to promote smart grid applications. The SGIP has a Governing Board that is made up of industry representatives and other stakeholders that provides oversight and direction.

This would ensure that the leadership has the support of stakeholders when the activities and objectives of the Coalition are defined.

### **III. Communications and Correspondence**

All communications and services in this proceeding should be directed to:

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### **IV. Conclusion**

WHEREFORE, the New York Independent System Operator, Inc. respectfully requests that the Commission consider these comments and act or elect not to take action in accordance with the NYISO's comments above.

Respectfully submitted,

/s/ David Allen

David Allen

Attorney

New York Independent System Operator, Inc.

### **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated at Rensselaer, NY this 8<sup>th</sup> day of April, 2010

By: /s/ Joy A. Zimmerlin  
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