



February 2, 2016

Representative Jessica Vega Pederson
900 Court St. NE, H-285, Salem, Oregon 97301

Dear Representative Pederson, and House Energy and Environment Committee,

EnerNOC Inc. and Enerwise Global Technologies, Inc. D/B/A CPower (collectively the Joint Demand Response Parties) would like to express: 1) general support for HB 4036 and a shift toward clean energy, 2) support for section 17 on Energy Efficiency and Demand Response, with suggested language changes that support our goal of least cost utility planning and operations, and energy cost reductions to customers.

The Joint Demand Response Parties have extensive experience in implementing programs that deliver clean distributed resources to utilities, in many cases serving as cost-effective alternatives to constructing costly power plants and other infrastructure such as transmission lines. We wish to help Oregon craft policies and programs that reflect the lessons learned in other parts of the country.

We believe transitioning Oregon away from coal and toward cleaner energy sources and smarter energy use is the right energy strategy for Oregon. We would like to add an industry perspective that we believe is consistent with and improves upon the bill's objectives and places our support behind the modifications described below.

The language changes we suggest are:

- Add a clear definition of Demand Response or demand side management
- Fund all available cost effective energy efficiency and demand response resources.
- Allow utility investment in EV charging only if charging does not contribute to distribution or system peaks.

Some of these language issues seem small, but are quite important as you understand state and federal law regarding demand response and demand side management. We think these changes will result in more clarity for the electric companies, the Oregon Public Utility Commission, and energy efficiency and demand response providers in implementing a cleaner grid and more efficient resource use.

PGE has an average load of 2,000MW, yet needs to procure resources and build infrastructure over 6,000MW. (3x) This means that 2/3 of PGE assets are sitting around waiting to support peak usage, unplanned outages, or fluctuating supply from renewables. Demand Response is a tool that improves capacity utilization, and reduces the need to overbuild the system for resource adequacy, capacity, and flexibility.

BPA recently began a demand response program targeting all areas South of Vancouver, Washington and west of the Cascades (South of Allston substation) with the objective to

defer or obviate the need for 15 transmission line which would cost around \$500MM. They call it Non-Wires.

On January 24, 2015, the US Supreme Court affirmed FERC (Federal Energy Regulatory Commission) authority for wholesale markets, e.g., Western EIM, to incentivize customers in demand response programs. This practice was challenged by the Electric Power Supply Association (EPSA) a group supporting power generation and power producers. Interesting that DR got enough attention for EPSA to take it to the Supreme Court.

The Pacific Northwest is way behind the rest of North America in achieving its DR potential. The rest of North America has over 60,000MW of demand response and has eliminated Billions of dollars of investments in peaking generation and grid infrastructure. The Northwest Power and Conservation Council in their recently released 7th Power Plan, identified 4,300 megawatts of regional demand response potential. In Oregon, PGE began demand response efforts in 2003 and issued an RFP in 2008 for 50MW of DR. To date, they have 10MW of demand response in their program, and are working on pilots.

Since 1980 Northwest energy efficiency programs have saved over 5,800 average MW, leading to about \$3.75 billion in rate savings. Currently energy efficiency industry in the Pacific Northwest supports 15,000 jobs, and solar 5, 000. This region has clearly figured out Energy Efficiency and continues to invest and create jobs. The energy efficiency army in Oregon is ready to add Demand Response capability to their services. We think with proper policy and funding, Demand Response resources can catchup with the rest of the nation and begin saving money for Oregon and its ratepayers.

In conclusion, we support HB 4036, and we encourage members of the Committee to consider our suggestion that electric companies and other relevant organizations, at the direction of the PUC, should plan for, pursue, and fund all available cost-effective Energy Efficiency and Demand Response resources.

Thank you for the opportunity to provide comments on HB 4036.

Sincerely,



Ken Nichols, **EQL Energy**

Joint Demand Response Parties:



Melanie Gillette, **EnerNOC Inc.**

Peter Dotson-Westphalen **CPower**