

February 22, 2016

Senator Lee Beyer
900 Court St. NE, H-285, Salem, Oregon 97301

Dear Senator Beyer, and Senate Business and Transportation Committee

EnerNOC Inc. and Enerwise Global Technologies, Inc. D/B/A CPower (collectively the Joint Demand Response Parties) would like to express general support for HB 4036 and a shift toward cleaner energy. However, as leaders in the demand response industry, we believe that amendments are needed related to demand response and other distributed energy resources, e.g., storage and EV Charging.

Demand response lowers system peaks **>>>** which requires less investment in generation and grid infrastructure, **>>>** which lowers rates.
The bill focuses most of its attention on utility scale energy resources, rate recovery, renewable energy credits, and community solar. While these are important, we think that many of the cost effective resources of the future will be found behind the meter. The industry calls these Distributed Energy Resources (DER) and includes, energy efficiency, demand response, solar, storage, EV Charging, and CHP. DER have the capability to avoid investments in new power generation as well as transmission and distribution. For instance, BPA is currently procuring DER to avoid a $750MM I5 transmission project.

Oregon and the Northwest are leaders in energy efficiency, yet laggards in tapping demand response and other DER. The energy efficiency industry in the Northwest is ready to deploy demand response, but needs legislative and PUC leadership to make it happen. With a few small changes in this bill, we can turn this around in Oregon. If Oregon wishes to lead in moving away from coal, then we should also lead in replacing it with resources other than gas generation and transmission.

In addition to avoiding the cost of supply side infrastructure, customer side resources come with other benefits, e.g., electric reliability, resiliency, and self-sufficiency. Customers are willing to pay extra to get efficiency, reliability, solar, or storage. Therefore, the incremental cost to utility and hence ratepayers is less.

As Senator Whitsett pointed out to this committee Feb. 17, "this bill represents the utilities regulating the PUC (Public Utility Commission)." We would like to see the PUC in control of DER investments and procurement process, and fully funded to manage a proceeding to investigate cost effectiveness protocols and funding for demand response and all DER.

Recommended Changes:

- Add a clear definition of Demand Response and Customer Storage
- Fund *all available* cost effective energy efficiency and demand response resources. Currently EE is funded through public purpose charge and managed by ETO. DR funding is driven by utility decisions and PUC review. This process has led to meager results and has not obtained all the cost effective DR available in Oregon.

- Fund PUC Proceeding to set cost effectiveness protocols and budget mechanism for DR and DER programs.
- Include cost effectiveness protocol for other DER, e.g., storage and EV Charging.

Demand Response value

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 they system for resource adequacy, capacity, and flexibility.

Federal Law and the Supreme Court

On January 24, 2016, the US Supreme Court affirmed FERC (Federal Energy Regulatory Commission) authority for wholesale markets 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.

Demand Response Laggards

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. PacifiCorp has no DR in Oregon.

Oregon leadership

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.

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,

Joint Demand Response Parties:

Ken Nichols, **EQL Energy** Melanie Gillette, **EnerNOC Inc.** Peter Dotson-Westphalen **CPower**