

# DRAM

DEMAND RESPONSE *and* ADVANCED METERING *Coalition*

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## Demand Response Coalition Urges That Consumers Be Empowered to Help Prevent Outages

**Group of utilities, technology companies, and public interest groups says a Strategic Demand Reserve for electricity would act like a shock absorber, much like the Strategic Petroleum Reserve.**

(Washington, D.C. August 20, 2003) The Demand Response and Advanced Metering (DRAM) Coalition today urged Federal and State policymakers to empower electricity consumers with demand response capability as part of the solution to the problems that caused the large-scale outages in the Northeast last week.

While the exact cause of the massive outage remains to be determined, it is clear that heavily loaded transmission lines and other circuits contributed; fundamentally, it is a peaking problem. Fortunately, power users, ranging from large industrial customers to households, have shown in numerous pilot programs that “demand response” pricing and technologies significantly reduce peak energy use. This not only solves the peaking problem, but also reduces the risk of brownouts and blackouts, and lowers costs, as fewer power plants and transmission lines are needed to serve peak loads. Moreover, air pollution is reduced on the hottest days as well.

“Congress and others need to solve the peaking problem to prevent similar large-scale outages from happening again. We urge that policymakers take note of President Bush’s call to modernize the grid and to include consumers as part of the solution. Numerous successful pilot programs have shown that energy users respond

dramatically – sometimes reducing electricity consumption by 50 percent – when given price discounts for using less power during the 100 critical peak hours each year,” said Chris King, Co-Chair of the Coalition and Chief Strategy Officer of eMeter Corporation, an advanced metering consultancy. “The Federal Regulatory Energy Commission has said not only that demand response is important for ensuring adequacy and reliability but that demand resources, including dynamic pricing (higher on-peak prices and discounted off-peak prices) can be just as important as supply resources.”

A number of Federal policymakers, including Senators Jeff Bingaman (D-NM) and Susan Collins (R-ME) and Congressman Rick Boucher (D-VA), have pushed to insure that the pending Federal Energy Bill includes provisions for demand response. These provisions include tax incentives and other features to promote the adoption of advanced metering and demand response technologies and programs.

“Given that it took a couple of hours for the grid to finally go down, there’s a chance that demand response could have prevented the outage entirely,” noted Ross Malme, Chair of the Peak Load Management Alliance. “More importantly, the limited demand response programs already in place in New York played a major role in supporting the reenergizing of the grid on Friday and Saturday. Just as we created the Strategic Petroleum Reserve in the 1970s to prevent another major oil shock, Congress should create a Strategic Demand Response Reserve to solve the peaking problem and prevent another major power disruption.”

In a recent study for the Energy Foundation, California Energy Commissioner Art Rosenfeld and his colleagues concluded that, “sufficient evidence has been accumulated to support the view that dynamic pricing is a critical feature of modern electricity systems. Price-responsive demand will ultimately prove to be more important to ensuring system adequacy than emergency load curtailment programs.”

“Advanced meters used to implement demand response not only help prevent outages, but they also lead to better outage management,” added Dan Delurey, Executive Director of DRAM. “This includes detection, isolation, and reporting, enabling utilities to restore service more quickly and reliably. Advanced meters and other demand response technologies result in optimal utilization of the grid, thereby preventing outages in the first place. For these reasons, the Coalition urges Congress to solve the peaking problem by adopting an Energy Bill that has provisions promoting the use of consumer demand response.”

The Demand Response and Advanced Metering Coalition (DRAM) is a diverse group of utilities, metering manufacturers, metering and communications technology companies, and public interest groups. It serves as an advocate for policy which supports increased deployment of demand response technologies and programs that

would, among other benefits, enable energy providers to offer their customers time-based rates with off-peak discounts, allowing consumers to save on their electricity bills by varying their demand in response to price signals. More information on DRAM, as well as links to pertinent DOE and FERC documents and other resources, can be found at [www.dramcoalition.org](http://www.dramcoalition.org) or by contacting Dan Delurey at [dan.delurey@dramcoalition.org](mailto:dan.delurey@dramcoalition.org) or at 202.441.1420 or Chris King at [chris@emeter.com](mailto:chris@emeter.com) or at 510.435.5189.