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Leveraging New Distribution Level Demand Response Programs in NY to Offset Energy Spend

A Bit of History...in New York, demand response (DR) was developed by the New York Independent System Operator (NYISO) when our energy markets were deregulated years ago. The NYISO allowed loads to bid their capacity into energy markets the way generators participate. Over the years, many NY businesses started to participate to earn significant recurring revenue; some years more than others since capacity prices fluctuate. As things have it, capacity prices have risen substantially since 2012, so that's good for participants!

In 2012, Hurricane Sandy hit the East Coast, leaving millions without power. Soon after, the state tasked the Public Service Commission (PSC), NYPA, NYSERDA and LIPA to take a fresh look at how power is delivered in NY. This led to the PSC's Reforming the Energy Vision (REV) initiative, a landmark proceeding to make the power system more resilient, sustainable, dynamic and hopefully affordable. It's a statewide effort to develop a new regulatory framework which includes incentives to leverage the deployment of distributed energy resources (DERs) such as demand response. As a result, it's likely you may not know about new DR opportunities that have now become available.

Why Demand Response?

The energy capacity used at your facility can be a leveraged asset by allowing manufacturing facilities to be paid for being on standby to curtail electricity.

When the demand for electricity outpaces supply, the system operators have a choice. They can: (1) authorize building out new generation and/or distribution system upgrades in your service area, resulting in future rate increases on your bill and impact to the environment; or (2) provide financial incentives via DR programs to curtail load during infrequent periods of peak demand and system emergencies.

What's New in DR?

In 2016, the PSC mandated that your local distribution utility provide a Commercial System Relief Program (CSR) throughout their territory and a Distribution Load Relief Program (DLRP) in select areas.

Most commercial and industrial businesses aren't aware that these new utility programs are available through an authorized DR service provider. The programs offer multiple revenue streams in addition to the earnings you receive from the NYISO SCR program that you may have been enrolled in for years.

In many manufacturing operations, energy can easily be one of the largest expenses. Active demand response participation and demand management can help mitigate significant costs for your organization. Paying for supply is one thing, but delivery/demand costs are even more.

Bottom Line

It's all about implementing smarter techniques to manage your overall energy spend. An integrated approach provides manufacturing facilities with real-time performance data of target curtailment levels, daily electricity consumption and "situational awareness" of the grid. Broad participation also delivers many sustainable benefits. It reduces overall carbon footprint, prevents blackouts or brownouts, improves the reliability and efficiency of the grid, and ultimately decreases the need to build or maintain power plants to meet peak demand across NY.

To watch informational videos and learn more about how your organization can optimize participation and earnings via DR programs visit <http://cpowerenergymanagement.com/new-york-demand-response/>

If you have any questions or comments on this article, contact George McLachlan at 518-222-0847 or by email George.McLachlan@CPowerenergymanagement.com

George is passionate about working with large energy users across New York on the opportunities and benefits of demand side management. Prior to working with CPower he has held positions at international companies within the finance and renewable energy sectors. At CPower he helps manage enrollments and curtailment strategies for many NY manufacturers.