



# FEDERAL ENERGY REGULATORY COMMISSION

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## Staff Report Marks Growth of Nationwide Demand Response Efforts

Demand response and advanced metering programs have grown significantly over the past year, according to a new Federal Energy Regulatory Commission report that charts progress in the number of demand response programs, the number of states introducing opportunities for demand response and the key role that demand response is playing in organized wholesale power markets.

The Energy Policy Act of 2005 requires FERC to annually assess electric demand response resources and advanced metering.

The report, "Assessment of Demand Response and Advanced Metering 2007," notes major demand response developments in wholesale markets, including the use of demand resources in forward capacity markets and ancillary services markets, and the development of new reliability-based demand response programs. The report estimates that demand response in 2006 lowered the consumption of electricity by 1.4 to 4.1 percent during periods of peak demand on the systems.

"Demand response is playing a more important role in U.S. electricity markets," Chairman Joseph T. Kelliher said. "Last year, demand response played a key role during a summer when we set record electricity demand levels in eight regions of the country. But we need to make more progress."

The Commission continues to assess demand response as it relates to ensuring competitive wholesale markets and reliability of grid operations, Kelliher added. "We have looked at the role of demand response in several rulemakings, including transmission planning and reliability standards. We also have convened two technical conferences and are continuing collaborative efforts with state regulators on demand-response. I commend the leadership of Commissioner Jon Wellinghoff in this important collaborative process."

Commissioner Wellinghoff is leading the Commission's efforts in the Collaborative Dialogue on Demand Response with the National Association of Regulatory Utility Commissioners.

"The findings of the staff report signal that there has been a change in the national demand response dialogue from should we do it, to how we do it," Wellinghoff said. "This report should provide real value to regulators, policy makers, utilities, and consumers in this rapidly growing and ever important electric resource sector."

Based on a review of various demand response activities in the last year, Commission staff has identified the following demand-response trends:

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- Increased participation in demand-response programs;
- Increased ability of demand resources to participate in RTO/ISO markets;
- More attention to the development of a smart grid that can facilitate demand response;
- More interest in multi-state and state-federal demand response working groups;
- More reliance on demand response in strategic plans and state plans; and
- Increased activity by third parties to aggregate retail demand response.

On advanced metering, the report notes the rise in the number of large utilities that are planning to install advanced metering in the next several years, and that several states have taken actions ranging from the approval of smart meter projects or advanced meter deployment and re-establishing collaborative efforts and workshops to issuing rulemakings.

According to the report, if all the announced deployments actually occur, more than 40 million new advanced meters will be deployed in the next several years.

The report can be found on the Commission's website, [www.ferc.gov/legal/staff-reports/09-07-demand-response.pdf](http://www.ferc.gov/legal/staff-reports/09-07-demand-response.pdf).