



## Stakeholder Group Meeting Summary

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Monday, September 21, 2015  
8:30 AM–12:00 PM

**Michigan Public Service Commission**  
Lake Huron Conference Room, First Floor  
7019 West Saginaw, Lansing

### Stakeholder Group Members Present

Lauren Donofrio (co-chair and nonvoting ex officio), Michigan Department of the Attorney General (AG); Brandon Hofmeister, Consumers Energy; Chrissy Beckwith, SEMCO Energy; Dan Scripps, Michigan Energy Innovation Business Council; James Clift, Michigan Environmental Council; Anand Gangadharan, NOVI Energy; Dan Dundas, Senate Majority Policy Office; Kwafo Adarkwa, ITC Holdings Corp.; Laura Chappelle, Energy Michigan; Don Stanczak, DTE Energy; Luke Forrest (alternate for John LaMacchia), Michigan Municipal League; Andrew Vermeesch, Michigan Farm Bureau; Craig Borr, Michigan Electric Cooperative Association; Jim Weeks, Michigan Municipal Electric Association; Jim Ault, Michigan Electric and Gas Association; Greg Clark, Indiana Michigan Power

### Steering Committee Members Present

Valerie Brader, Michigan Agency for Energy (MAE); Robert Jackson, MAE; Vince Hellwig, MAE; Mary Maupin, Michigan Department of Environmental Quality

### External Support Staff Present

Julie Metty Bennett, Public Sector Consultants (PSC); Eric Pardini, PSC; Terri Novak, MAE; Rich Sedano, the Regulatory Assistance Project (RAP)

### Presenter

Nick Revere, Michigan Public Service Commission (MPSC)

### Other Attendees

Pat Poli, MPSC; Lauren Fromm, MPSC; Naomi Simpson, MPSC; Al Freeman, MPSC; Rob Ozar, MPSC; Matthew Thomas, MAE

## Informal Meet and Greet

Prior to the start of the stakeholder meeting, participants were given the opportunity to speak with their fellow stakeholders during an informal meet and greet.

## Demand Response as a Starting Point

Valerie Brader—Executive Director of the Michigan Agency for Energy—began the meeting by providing stakeholders an explanation of the decision to focus on demand response (DR). Ms. Brader said the steering committee believed that given ongoing legislative discussion and the potential impacts on the state's energy policy, the stakeholders' time would best be used in focusing on an aspect of policy that fell within the existing regulatory authority of the Michigan Public Service Commission (MPSC). Ms. Brader elaborated on her statement by adding that DR programs offer many potential benefits to the electric system, including peak load reduction, improvement in plant capacity factors, and creation of savings for customers and utilities.

## Welcome; Introductions; Review Agenda; Review and Approve August 24 Meeting Notes

Next, stakeholder group co-chair Lauren Donofrio welcomed participants to the group's third meeting. She thanked stakeholders for their attendance and expressed her appreciation for stakeholders coming prepared to engage in the day's discussion. Ms. Donofrio then asked participants to take a moment to introduce themselves to the group.

Following introductions, Ms. Donofrio went over the details of the day's agenda. She explained that during the meeting, stakeholders would begin to develop their vision for the future of DR programs in the state. First, stakeholders would be presented with an overview of current demand response programs. Then they would move on to group and individual brainstorming. Finally, the group would work together to form a vision for Michigan's future demand response programs.

Project manager Julie Metty Bennett asked if members had any suggestions or revisions to the proposed summary before it would be posted on the project website. There were no comments or suggestions.

## The Status of Demand Response Programs in Michigan

Ms. Bennett explained that before beginning their work on DR, stakeholders should first be given an overview of the state's current DR programs. The steering committee asked Nick Revere of the Michigan Public Service Commission (MPSC) to present this material to the stakeholder group. Mr. Revere's presentation is available in its entirety on the stakeholder group's [shared drive](#) and via the Michigan Energy Office website. The group discussion, which occurred during Mr. Revere's presentation, is detailed below.

Q: On slide three of your presentation, do you know what day of the week July 5, 2010, is? By selecting a date near or on a holiday you do not get an accurate example of a typical peak load day since holidays generally impact energy consumption. Going forward, perhaps there is a better date to use for showing a typical daily load cycle.

A: Thank you for the input. I will address that in future presentations.

Q: Has there been a recent update to the Federal Energy Regulatory Commission's 2009 potential study you reference in your presentation?

A: The MPSC is currently looking at doing a potential study, but as far as a nationwide study I believe this is the most recent comprehensive study.

Q: Are time-of-use (TOU), curtailable, and interruptible load programs used for all customer classes?

A: Curtailable load programs are typically for large commercial and industrial customers. Interruptible load programs are typically for large industrial customers, but DTE does have a large residential curtailable air conditioning (AC) program. TOU rates could be for any customer class.

Q: Do customers receive a reduced rate for participation in this AC program?

A: Typically yes, but it depends on the design of a specific program.

Q: What are the technology requirements for TOU rates and curtailable or interruptible programs?

A: For some programs, like a curtailable load program, utilities operate a switch on a specific appliance to control it remotely. Sometimes the programs would require a separate meter. The advanced metering infrastructure (AMI) currently being deployed by utilities can enable certain types of programs.

Q: What does this do for customers of utilities with advanced meter reading (AMR) only?

A: Typically AMR does not enable these programs. A meter would need to provide interval data.

Q: So then there would be a constraint for utilities that only have AMR?

A: Yes, for certain types of programs, but there are many types of DR programs that have been around since before AMI. These could still be put in place.

Q: Are the new AMI meters being set up with all the technology we need to enable their full potential?

A: The meters have the right technology. It will be up to the utilities and their partner organizations to design how and what customers can do to interact with the new meter.

Q: Is real-time pricing conceivable for DTE's customers with AMI meters?

A: Yes, the technology enables real-time pricing.

Q: Did the presentation look at DR in the PJM RTO? Specifically how the RTO treats demand response regarding reliability.

A: Not specifically. The presentation only covered Michigan-based utilities.

Q: Is it valuable to look at emergency procedures for DR and economic DR?

A: Yes, the distinction should be made between DR programs for economic purposes versus emergency procedures for DR.

There were no other questions for Mr. Revere.

## Brainstorming a Vision for the Future of Demand Response in Michigan

Ms. Bennett thanked Mr. Revere for his presentation and explained that the group was next going to begin developing a collective vision for demand response programs in Michigan, as well as identifying barriers to and opportunities for achieving that vision. She explained that a vision statement describes a desired end state or the long-term change the stakeholder group is seeking as a result of its work. It will be used to guide the stakeholder group in making recommendations regarding demand response. The purpose of having a collective vision is to enable stakeholder group members to put personal preferences aside and make recommendations based on clearly defined objectives and criteria. It provides clear parameters for accepting or rejecting future recommendations.

To assist in developing a collective vision, Ms. Bennett walked the group through a brainstorming session. To help prepare for the session, group members were given the following question in advance of the meeting and asked to bring the answer with them to the meeting: *What statements or words come to mind*

*when you envision a successful demand response program in Michigan?* To begin the brainstorming session, stakeholders were asked to pair up and discuss what DR means to them in their job. Members were given ten minutes to discuss with their partner. Ms. Bennett then asked participants to write down the answer to the homework question on Post-it notes and place them on the wall. Participants were given ten minutes for this exercise. Ms. Bennett, with assistance from external support staff, then organized the group's ideas into categories. Once the group's thoughts were organized into categories, Ms. Bennett worked to summarize the group's objectives. Her summary will serve as the starting point for the group's vision statement about DR programs.

## Present and Discuss Vision

Ms. Bennett summarized the input from the brainstorming session into the following draft vision statement.

Stakeholders identified several elements that could potentially be utilized in the design of demand response programs. These elements are listed below:

- ❖ Embrace new enabling technologies and leverage their full potential to deliver positive public benefit outcomes through innovative program designs
- ❖ Be voluntary, allowing customers the opportunity to choose whether they are willing to participate in demand response programs
- ❖ Be simple and easy for customers to understand and access
- ❖ Cause customers to reduce and/or shift demand by sending transparent price signals and providing a clear financial benefit
- ❖ Improve the reliability of the electric power system
- ❖ Reduce peak load and associated costs
- ❖ Reduce peak demand during the 50 to 100 hours of the year when demand is highest, serving as a cost-effective and reliable way to relieve peak demand and improve system stability without needing to build excess supply-side infrastructure
- ❖ Meet capacity, energy, and ancillary service resource needs where DR is more economic and reliable than alternative supply-side options, including upgrading transmission and/or distribution systems and buying or building generation assets.
- ❖ In addition to providing financial benefits for consumers, programs should also provide financial benefits for the utility
- ❖ Provide flexibility in order to accommodate customers of all sizes; specifically, programs should permit larger customers to make an individual agreements with their utility
- ❖ Be a trusted resource, with accurate measurement and verification; it is important that resources can be counted on when they are needed, and that their calculated benefits are realized

This vision statement is only the first iteration. The stakeholder group will have the opportunity to refine and approve the final vision statement at a later meeting.

## Achieving the Vision: Getting from Where We Are to Where We Want to Be

After presenting the draft vision statement, Ms. Bennett encouraged the stakeholders to discuss it. She specifically wanted participants to address the following questions: *What are some opportunities we are currently missing out on? What is the potential for DR programs? How do we get to our vision?* The key discussion topics are summarized below. They have been broken into barriers and opportunities.

## **Barriers**

- ❖ Currently, the average customer doesn't want to fuss with DR. This means programs must be marketed effectively, be simple to use and understand, and provide a benefit to consumers.
- ❖ For each utility, the point at which DR programs makes sense will be different.
- ❖ For utilities with AMR, the cost of switching to AMI may be prohibitive. DR programs should consider other ways for these utilities to participate.
- ❖ Even for someone who is really interested in energy issues, the pilot programs can seem a bit daunting. The price difference offered by the pilot programs needs to be large enough for a customer to endure the inconvenience.
- ❖ The majority of costs are associated with big customers. Certain industries are more amenable to these rates (ramp up or ramp down). The largest contribution to peak (residential) is more diverse and less predictable.
- ❖ The residential customer base can be hard to reach because there are very different customers across the broad range of residential customers. In general, people spend less on electricity than on their cable or cell phone bill, and the savings through a program like DR might not make a difference to them. In order to have an impact, programs will need to be designed so they create value for customers.
- ❖ Some of the technologies that allow customers to get the most out of demand response are expensive. There should be a focus on helping customers learn about options with lower entry costs.
- ❖ DR programs have been more attractive to some customers in years when there was not a potential shortfall. Industrial customers were very happy to sign up for interruptible rates when there was a surplus, but in light of the current potential shortfall, many of them are rethinking.
- ❖ There are a variety of providers across the state. The fact that they are not all the same could have an impact on the types of programs offered or on the programs' specific design.
- ❖ Need to study the potential for using DR as a resource.

## **Opportunities**

- ❖ Customers of smaller and large utilities alike have expressed the belief that there is more the customers themselves could be doing that doesn't exist in current utility programs.
- ❖ DR has the potential to help solve the projected capacity shortfall that Michigan faces.
- ❖ Maybe we should consider allowing additional non-utility companies to add value in this space, and open up other types of technologies that are available to customers.
- ❖ Programs will need to be adaptable because they will necessarily change as we continue to learn and gather customer data through the deployment of AMI.
- ❖ Customers whose landlord pays the utility bill have no reason to join/participate. DR programs should attempt reach these customers.

As participants were beginning to wrap up their discussion, Ms. Bennett invited Rich Sedano, from the Regulatory Assistance Project, to provide his observations from the day's discussion. Mr. Sedano offered the following comments:

- ❖ Customers haven't really been given an easy way to participate in DR programs. Waiting for customers to ask for this technology may result in missed opportunities. Providers need to offer technology no one is asking for.
- ❖ Utilities should provide customers with easy ways to engage, including automated technologies. Utilities need to start solving problems for customers.
- ❖ Customers should be targeted through use of data analytics.
- ❖ Program design can leave a lot of room for innovation and growth.
- ❖ It is very possible that DR is one of the biggest resources in the next decade.

- ❖ In current regulation a prevalent concern is being fair to everybody; potentially, though, in DR programs it may be better to treat customers differently based on what they can provide. State utility commissions would need to embrace this idea while still protecting all customers.

This concluded the group discussion.

## **Wrap-up and Next Steps**

Ms. Bennett thanked everyone for their attendance and explained that materials for the October 19 meeting would be distributed approximately two to three weeks prior to the meeting.