



FEDERAL ENERGY REGULATORY COMMISSION

NEWS

December 29, 2008

NEWS MEDIA CONTACT
Mary O'Driscoll - 202.502.8680

FERC Report Marks Significant Progress in Demand Response, Advanced Metering

Demand response and advanced metering programs have made significant progress in serving more consumers across the country, says a new Federal Energy Regulatory Commission (FERC) report that charts the expansion of these energy-saving programs since 2006.

The report, *2008 Assessment of Demand Response and Advanced Metering*, is FERC's third annual report on demand response issues. While it notes progress on overcoming regulatory and financial hurdles over the past three years, the report also points to continuing obstacles – the limited number of retail customers on time-based rates, restrictions on customer access to meter data and the scale of financial investment necessary to deploy enabling technologies during an economic downturn – that could limit opportunities for continued growth in these programs.

“It is good to see the numbers behind the progress we know is being made on these demand response and advanced metering fronts,” FERC Chairman Joseph T. Kelliher said. “We at FERC also are making demand response a priority: Our competition rule, Order No. 719 issued in October, required organized wholesale power market operators to modify their designs to identify and address barriers to comparable treatment of demand response resources.”

FERC Commissioner Jon Wellinghoff, who leads the Commission's efforts in the Collaborative Dialogue on Demand Response with the National Association of Regulatory Utility Commissioners, noted the link between demand response and smart grid technologies. “Demand response is clearly the ‘killer application’ for the smart grid,” he said. “By our FERC report gauging progress and identifying continuing barriers to demand response we can effectively assess our progress in deploying essential smart grid technologies.”

The report's conclusions are based on a survey that shows the ratio of advanced meters to all installed meters has reached 4.7 percent for the United States, a significant jump from the less than 1 percent in 2006. Market penetration of advanced metering programs has risen substantially throughout the country, with the largest increasing coming in peninsular Florida.

On the demand response side, 8 percent of energy consumers in the United States are in some kind of demand response program and the potential demand response resource contribution from all such U.S. programs is close to 41,000 megawatts, or 5.8 percent, of U.S. peak demand. This represents an increase of about 3,400 MW from the 2006 estimate. The largest demand response resource contributions are from the Mid-Atlantic, Midwestern and Southeastern regions of the U.S.





The report also notes that in the past year, Colorado, Maryland, Ohio and other states promoted demand response through utility regulation legislation. Alabama and California led states in approving time-based rates for consumers. And multi-state groups from the Mid-Atlantic to the Pacific Northwest are coordinating across jurisdictions to enhance demand response through research, education and planning.

A copy of the report can be found at www.ferc.gov.

(30)

R-08-70