

ELECTRICITY: FERC proposal would promote 'smart grid' education effort (11/05/2009)

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The Federal Energy Regulatory Commission has proposed a national campaign to teach electricity consumers about demand response that could fill the gap in education on "smart grid."

The goal is to teach Americans about voluntary agreements between utilities and their customers that offer lower rates or other financial rewards to people who use less power at times when electricity demands are highest.

Such "demand response" deals are cornerstones of a national effort by utilities and regulators to expand the smart grid, but both concepts are foreign to Main Street. The lack of consumer understanding and acceptance is a major impediment to a national smart grid.

"You do need the customer to participate in the smart grid," Dick Kelly, president of Xcel Energy Inc., told the GridWeek conference in Washington, D.C., last month. "It is not a passive technology."

Dan Delurey, executive director of the Demand Response Coordinating Committee, a nonprofit formed in 2004 to boost awareness of demand response, said there is a "thin wall" between demand response and smart grid, so both should be addressed together. "If you go to any smart grid proceeding ... they are more than likely talking about demand response," he said.

FERC released a draft [plan](#) last week to boost consumer understanding of and participation in demand response. The plan outlines strategies to obtain the uppermost goal of cutting peak electricity use by 20 percent, or 188 gigawatts, through demand-response programs.

FERC's proposal emphasizes the development of demand-response communication strategies and technical assistance for the federal government, industry and regulators.

FERC is accepting comments on the plan and will hold a technical conference on it on Nov. 19.

"I think it's just what the doctor ordered," Delurey said. He called it "out-of-the-box thinking by a federal agency ... that should be applauded."

Delurey added, "It's the idea that in order to make all of this work ... you really have to have the educational component, not just something policymakers and practitioners do behind the scenes."

The FERC national action plan is part two in a three-step process mandated by the 2007 energy law. FERC published a report on demand-response potential in June that analyzed four scenarios and the possible peak-use reduction through demand response under each scenario ([E&ENews PM](#), June 18).

The need for educating utility consumers about managing electricity has been a mantra for several years in the power industry, but there has been no real progress yet ([Greenwire](#), Aug. 11).

"We have to make sure the smart grid doesn't turn into a huge science experiment," Joseph Rigby, president and CEO of Pepco Holdings Inc., told the GridWeek gathering last month. "A smart meter doesn't really save any carbon. It really becomes the customer's behavior to conserve energy."

Said Michael Valocchi, global energy and utility leader at International Business Machines Corp.: "The consumer seems to be one of the most left-out pieces of discussion."

A model in seat belt campaign

The Obama administration moved to get the consumer into the discussion last week with \$3.4 billion in grants for 100 smart-grid demonstration projects that should allow utilities to learn more about consumer preferences and participation.

FERC's draft plan proposes to use such knowledge and other market research for a national campaign created by a coalition of stakeholders that aims to educate residential, commercial and industrial customers about demand response.

The effort would be comparable to the Air Bag and Safety Belt Coalition, which was created in 1996 and brought more than 150 companies and nonprofits together to promote seat belt use, according to the National Safety Council.

FERC acknowledges that creating a "single message" will be difficult when implementation and programs will vary. The campaign, the agency draft says, should

perhaps target regulators, officials and demand-response providers before focusing on end-use electricity consumers.

The draft also suggests the name "demand response" might need to be changed to make it easier for consumers to identify it with energy management. Products related to demand response could be branded with "Demand Star" or "Price Smart," similar to the EnergyStar labeling for efficiency or the "Intel Inside" campaign, FERC said.

While the FERC proposal still needs refinement and stakeholder input, Delurey of the Demand Response Coordinating Committee called it a good start for getting consumers involved in demand response and accelerating a transition to a smart grid.

"If you've got an educated consumer, the consumer either becomes OK with the idea of new types of pricing and an understanding won't be mandated," he said. "They might even want it."

[Click here](#) to view the discussion draft.

<http://www.eenews.net/Greenwire/2009/11/05/11/>