

Colleges and Universities Are Getting Into Demand Response

The Association of Independent Colleges and Universities of Pennsylvania (AICUP) recently hosted four statewide meetings on demand response that featured EnergyConnect, Inc. As reported in the Spring 2007 newsletter for the AICUP, demand response “financially rewards participants for accurately predicting when their load requirements will be less than a baseline estimate, and provides an incentive to reduce consumption when wholesale prices are high.”



The meetings engaged 61 officials from 35 AICUP member institutions and from the Lehigh Valley Association of Independent Colleges. Each college and university received an estimate, at no charge, from EnergyConnect on the potential revenue stream for demand response participation. Four members already enrolled in the program testified to revenue of 5-8% of their largest monthly electric bill.

Attendees learned that participating in demand response programs from

EnergyConnect requires no cost, no risk and minimal time of campus staff. It represents a great opportunity to earn non-tuition revenue.

Another attractive feature is being able to choose the level of involvement. Participants may direct and manage their own transactions in the wholesale power market through the Network Operations Center of EnergyConnect. Or they may delegate the on-line bidding to experienced staff of EnergyConnect. Either way, participants in the EnergyConnect “real-time” wholesale market are rewarded when forecasts of load reductions are on target. And they are not penalized for falling short of the forecasts.

Over a dozen colleges and universities signed up for the EnergyConnect demand response program. These new participants include:

- Allegheny College
- Bryn Mawr College
- Delaware Valley University
- Dickinson College
- Immaculata College
- Lycoming College
- Marywood College
- Mullenberg College
- Rosemont College
- University of Scranton
- Ursinus College
- Villanova University
- Washington and Jefferson College
- Widener University

Legacy participants include Drexel University, Haverford College, Philadelphia College of Osteopathic Medicine, and University of Pennsylvania. To learn more, contact Liz Kimmel at 610.389.3072 or via email at ekimmel@energyconnectinc.com

Facts Connect

<i>Region</i>	<i>Peak Real Time Wholesale Electricity Prices (\$/MWh)</i>		
	<i>May</i>	<i>April</i>	<i>Mar</i>
Mid-Atlantic	\$144	\$104	\$165
Metro Chicago	\$117	\$94	\$108

Study Finds Big Savings in Demand Response

A new study on demand response estimates savings of up to \$182 million per year for the PJM Interconnection, the power grid operator in 13 states and the District of Columbia. The estimated savings would take the form of reduced electric prices during peak hours of a year. These price reductions are estimated at up to 8% in the wholesale markets of PJM. The price reduction savings would accrue to all customers in the study area of five states in the Mid-Atlantic region.

Another \$100 million in savings would accrue to those customers participating in demand response.

- Energy benefits were estimated at up to \$26 million.
- Capacity benefits amounted to another \$73 million.

In developing the estimates, the study made several conservative assumptions that help demonstrate how demand response operates, including:

- Normalized load reductions of 1,060 MW or 3% of the load in the five state study area.
- Demand response events during the top 20 pricing occasions
- Demand response events with 5 hours in duration per event
- Each reduction in response to "day-ahead" pricing offers
- Price reductions of up to \$234/megawatt-hour for energy
- Capacity cost reductions of \$58/kilowatt – year.

The benefits could be significantly higher, such as by modeling real-time pricing scenarios. But that was beyond the scope of the study.

The results have increased the policy commitment to demand response by public utility regulatory commissioners. District of Columbia Commissioner Rick Morgan states: "This study documents the substantial public benefits of even a small customer demand response when prices are high." Maryland

Commissioner Allen Freifeld concludes: "Fully valuing demand response and other demand reductions enables wholesale markets to empower customers and to deliver more benefits."

Further recognizing the importance of demand response, Audrey Zibelman, Chief Operating Officer for PJM, pledges to "work with states in implementing initiatives that provide consumer financial signals and incentives to alter their use of electricity in response to grid conditions." The study and press release summary are available at www.energetics.com.madri/pdfs/BrattleGroupReport.pdf.

EnergyConnect is one of the market leaders in facilitating demand response through comprehensive services that seamlessly integrate participating customers with wholesale power markets. Contact EnergyConnect to learn more about earning revenue through demand response.

EnergyConnect Team Profile: Don Burns

Don Burns is located in the Philadelphia Office of EnergyConnect and is responsible for sales support and account management. Don has been with EnergyConnect since February 2007. His duties entail a wide range of functions including support of potential and new EnergyConnect program participants, serving as a resource for account management to existing participants, and participating in the rollout of new programs.

Prior to joining the EnergyConnect team, Don was with a consulting company specializing in energy procurement and logistics. He previously worked for 33 years for PECO Energy, which merged into Exelon, one of the largest electric utilities in the U.S. Among other projects, he led a team in the area of coal commodity trading with emphasis on mathematical analysis and transportation logistics. His passion for mathematics carries over into part-time teaching at a local community college. He is an engineering graduate of Widener University. In his spare time, Don likes to travel, attend sporting events and is a diehard Phillies fan.

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