



Update on DR, DER and Grid Developments

Dear Colleague,

Welcome to the inaugural issue of ***Update on DR, DER & Grid Developments***, a.k.a. the ***Update!***

For many years, Wedgemere Group has offered a private newsletter to members of organizations it has managed to help them keep track of important business and policy developments specific to the demand response, distributed energy resources, and smart grid areas.

That newsletter, ***Update on DR, DER and Grid Developments***, is now being provided to you twice a month at no cost. It highlights business and policy developments that, based on my experience in the utility and cleantech industries, are the ones that you as a policymaker or businessperson will want to be aware of. ***Update*** does not provide long articles for to you to read. It simply reports pertinent news in one-paragraph chunks, with a link always provided if you want to know more. It includes business information, but does not include announcements by companies of new products or technologies, or other promotional news. In addition, ***Update*** includes an op-ed column by me giving my thoughts on a particular issue or development (see the section following the news items).

You undoubtedly already get a lot of newsletters. So why ***Update***, especially if you see something show up there that you have already seen elsewhere? Well, if you are in this industry sector, you are one busy person. ***Update*** can be your one-stop-shopping source for the developments you need to know about - and don't want to have missed. And I guarantee you will get some info in it that you are not getting in other places.

I hope you enjoy. If you have a chance, let me know what you think.

Regards,

Dan Delurey
President, Wedgemere Group

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DR, DER and Grid Developments

California Announces Winners of Demand Response Auction

California recently announced the winners of its Demand Response Auction Mechanism (DRAM), the state's first big attempt to bring distributed energy resources into service for the grid. *Greentech Media* reported that California's three major utilities announced contracts with nine different companies. The winners include big commercial-industrial (C&I) projects from demand response companies, aggregated behind-the-meter batteries, aggregation of homes with smart thermostats, and aggregation of smart electric-vehicle chargers.

Read the article: <http://www.greentechmedia.com/articles/read/California-Picks-Winners-for-First-Ever-Auction-of-Distributed-Energy-as-De>

California Commission Approves New Net Metering Guidelines

On January 28, the California Public Utilities Commission (CPUC) adopted a successor program to the current Net Energy Metering (NEM) program. The NEM successor program will continue the existing NEM structure while making some adjustments to align the costs recovered from NEM successor customers more closely with those from non-NEM customers.

Read the announcement:

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M158/K084/158084811.PDF>

California Commission Opens New Proceeding on Peak Usage Time Periods

The California Public Utilities Commission (CPUC) on December 17 issued an Order Instituting Rulemaking to "Assess Peak Electricity Usage Patterns and Consider Appropriate Time Periods for Future Time-of-Use Rates and Energy Resource Contract Payments." In the Order, the Commission states that it wishes to "provide a venue for development of a framework for designing, implementing, and modifying time periods for use in future time-of-use (TOU) rates. This effort will include development of the principles, methodologies, and data sources needed to identify TOU periods that better reflect actual and near-term expected electricity supply and demand."

View the Order: <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M157/K412/157412121.pdf>

California Commission Staff Issue Report on Grid Integration of Renewables

Staff of the California Public Utilities Commission (CPUC) recently issued a White Paper titled "Beyond 33%: Grid Integration Policy for a Low-Carbon Future." Staff indicated that the white paper may "provide discussion material that will enable the CPUC to create an action plan for grid integration." This paper puts forth for discussion the elements of a path forward, in terms of existing CPUC proceedings and programs, and also in terms of the incorporation of grid integration issues in any new planning process. This paper also emphasizes the magnitude and scope of the analysis required to properly identify the nature of the grid integration challenges and solutions.

View the white paper: http://www.cpuc.ca.gov/NR/rdonlyres/8F428686-2FB5-4F3D-85B3-0475694E4718/0/Beyond33PercentRenewables_GridIntegrationPolicy_Final.pdf

California: San Diego Considers Buying Renewable Energy Directly, Rather than from Utility

San Diego is the largest city in the country to commit to using only renewable energy, *NPR* reported on January 26. The article states that the city is considering whether to set up an alternative energy program that would put it in charge of buying electricity instead of the power company. Such a program is called community choice aggregation. Environmentalists and renewable energy companies favor the proposal, while San Diego Gas and Electric stated that it would reach 50 percent renewable energy in 15 years (half of the city's goal).

Read the article: <http://www.npr.org/2016/01/26/464323475/san-diego-mulls-whether-to-let-city-not-utility-buy-alternative-energy>

Cybersecurity: NREL Initiative Aims to Protect Smart Grid From Hacking

A new initiative underway at the Energy Department's National Renewable Energy Laboratory (NREL) is intended to prevent hackers from gaining control of parts of the nation's power grid, potentially damaging electrical equipment and causing localized power outages. NREL is building a Test Bed for Secure Distributed Grid Management, a hardware system that mimics the communications, power systems, and cybersecurity layers for a utility's power distribution system. The test bed also incorporates bleeding-edge technology for cybersecurity in an attempt to make the system as secure as possible.

Read the article: <http://www.nrel.gov/news/features/2016/21612>

Cybersecurity: U.S. Power Companies Told to Review Defenses After Ukraine Cyber Attack

Reuters reported that the Electricity Information Sharing and Analysis Center (E-ISAC), a U.S. electric industry group, has advised members to review network defenses following reports that 80,000 customers of a Western Ukraine utility lost power for six hours following a cyber attack. The article states that E-ISAC urged members to "do a better job" at implementing multiple layers of defense against potential cyber attacks, saying the incident at Ukraine's Prykarpattyaoblenergo electricity provider appeared to be the result of a "coordinated effort by a malicious actor."

Read the article: <http://www.reuters.com/article/us-usa-utilities-cybersecurity-idUSKBN0UK2MM20160106>

Demand Response Dialogue Project Issues Report

In January, a report was issued by the Evolution of Demand Response Project (EDP) that outlined the results of a months long facilitated dialogue on the future of demand response. Participants included federal and state policymakers, utilities, ISOs, DR providers, technology companies, environmental groups, and other stakeholders. The report particularly focused on how DR can and should continue to evolve in the context of the rise of Distributed Energy Resources (DER) and argues that DR needs to be seen as a DER option. The report contains recommendations to policymakers and others on how to move DR forward now that the Supreme Court has upheld Order 745.

See the report at <http://wedgemere.com/wp-content/uploads/2016/01/Evolution-of-DR-Final-Report.pdf>

DOE Announces \$220 Million in Grid Modernization Funding

On January 14, Energy Secretary Ernest Moniz announced the release of DOE's comprehensive new Grid Modernization Multi-Year Program Plan, a blueprint for modernizing the grid. The Secretary also announced the award of up to \$220 million over three years, subject to congressional appropriations, to DOE's National Labs and partners to support critical research and development in advanced storage systems, clean energy integration, standards and test procedures, and a number of other key grid modernization areas.

The funding announced as part of this initiative includes:

- \$18 million in funding for six new projects that enable the development and demonstration of integrated, scalable, and cost-effective solar technologies that incorporate energy storage.
- \$33 million in funding for 12 innovative projects as part of its Network Optimized Distributed Energy Systems (NODES) program. NODES project teams will develop technologies that coordinate load and generation on the electric grid to create a virtual energy storage system.
- \$11 million in funding for seven transformational projects that will develop realistic, open-access models and data repositories to aid in improving the U.S. electric grid (GRID DATA program).

Read the announcement: <http://energy.gov/articles/doe-announces-220-million-grid-modernization-funding>

DOE Issues "Revolution Now" Report Highlighting Transformational Technologies

In 2013, the U.S. Department of Energy (DOE) released its first *Revolution Now* report, highlighting four transformational technologies: land-based wind power, silicon photovoltaic (PV) solar modules, light-emitting diodes (LEDs), and electric vehicles (EVs). That study and its 2014 update showed how dramatic reductions in cost are driving a surge in consumer, industrial, and commercial adoption for these clean energy technologies. In addition to presenting the continued progress made over the last year in these areas, this year's update adds sections that cover large, central, utility-scale PV plants and smaller, rooftop, distributed PV systems. The update also briefly introduces three additional technologies that DOE believes will see wider deployment in the coming years: smart building systems, fuel-efficient freight trucks, and vehicle lightweighting.

Read the report: <http://www.energy.gov/sites/prod/files/2015/11/f27/Revolution-Now-11132015.pdf>

Electric Vehicles: Utility Pilot Projects Approved in California

The California Public Utilities Commission (CPUC), in an effort to further support market transformation in the electric transportation sector, has approved electric vehicle pilot projects for two of the state's major utilities. The CPUC authorized Southern California Edison (SCE) to develop a pilot program to incentivize the deployment of approximately 1,500 electric vehicle charging stations and conduct education and outreach in support of electric transportation. SCE is authorized to spend \$22 million on implementation of Phase 1 of its Charge Ready and Market Education Programs under a settlement agreement among parties that was modified and approved by the CPUC.

The CPUC also approved a San Diego Gas & Electric (SDG&E) pilot program to install and own 3,500 electric vehicle charging stations at 350 workplaces and multi-unit dwellings. The four-year pilot authorization includes \$45 million in charging infrastructure, plus limited, reasonable operations and maintenance expenses to be considered in future General Rate Cases.

Read the announcements:

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M157/K724/157724767.PDF> ,

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M158/K071/158071336.PDF>

FERC Issues Annual Assessment of Demand Response and Advanced Metering

At its December meeting, the Federal Energy Regulatory Commission (FERC) accepted and released the staff-prepared *Annual Assessment of Demand Response and Advanced Metering*. The report covers the following:

- Saturation and penetration rate of advanced meters and communications technologies, devices and systems;
- Existing demand response programs and time-based rate programs;
- The annual resource contribution of demand resources;
- The potential for demand response as a quantifiable, reliable resource for regional planning purposes;
- Steps taken to ensure that, in regional transmission planning and operations, demand resources are provided equitable treatment as a quantifiable, reliable resource relative to the resource obligations of any load-serving entity, transmission provider, or transmitting party; and
- Regulatory barriers to improved customer participation in demand response, peak reduction and critical period pricing programs.

The 2015 Assessment can be viewed at: <http://www.ferc.gov/legal/staff-reports/2015/demand-response.pdf>

Index Ranks States on Grid Modernization

The GridWise Alliance recently released its third annual *Grid Modernization Index* (GMI), which uses survey data collected in June-October 2015 to benchmark states on a wide range of grid modernization policies, investments, and activities. The GMI found that a number of states have moved toward a more modernized electric grid. California is the highest-ranked state, for the third time in a row, with a score of 88 -- more than six points higher than its score in the previous Index. California has a nearly seven-point lead over second-place Illinois, while Texas -- which was neck and neck with California for the top score in the previous GMI -- ranks third. Maryland and Delaware (leaders on the East Coast) each move up a spot to fourth and fifth, respectively. Rounding out the top 10 are Washington, DC, Oregon, Arizona, Pennsylvania, and Georgia.

View the report: http://gridwise.org/uploads/reports/GWA_16_3rdGridModernizationIndex_Final.pdf

Read an article about the report: <http://www.smartgridnews.com/story/50-states-same-players-dominating-grid-modernization-efforts/2016-01-21>

LBNL Publishes Reports on Distributed Generation

In January Lawrence Berkeley National Lab (LBNL) published several reports related to distributed generation. The first, *Future Opportunities and Challenges with Using Demand Response as a Resource in Distribution System Operation and Planning Activities*, discusses how expanding the scope of DR opportunities can offer value and be useful for both bulk power and distribution system planning and operations. It states that this will require greater coordination between program providers (i.e., distribution utilities, aggregators of retail customers) and system operators/planners.

Another report, *Performance-Based Regulation In A High Distributed Energy Resources Future*, is part of

the Future Electric Utility Regulation report series. It describes key elements of performance-based regulation (PBR) of utilities and explains some of the advantages and disadvantages of various PBR options. The report presents pertinent issues from the perspectives of utilities and customers. The other reports in this series look at how DERs will affect industry structure in the future and consider planning, operations, market design, and oversight in the context of a highly distributed scenario.

Read the reports: <https://emp.lbl.gov/sites/all/files/lbnl-1003951.pdf> , https://emp.lbl.gov/sites/all/files/lbnl-1004130_0.pdf

Read all of the reports in the series: <https://emp.lbl.gov/future-electric-utility-regulation-series>

MISO Considering Rule Changes to Support Energy Storage

With one energy storage project under construction and several others being considered, MISO is beginning a look at rule changes needed to accommodate the emerging technology, *RTO Insider* reported on January 11. The article states that one fundamental question MISO will have to answer is whether storage will be considered generation or categorized as a transmission asset. Medium-term storage - battery and thermal storage that can provide hours of power - cannot serve as capacity, energy or contingency reserves under current rules.

Read the article: <http://www.rtoinsider.com/miso-energy-storage-tariff-20988/>

National Labs, Utilities and Others Create Microgrid System Laboratory

A new entity has been formed to be a "fully-integrated innovation center for decentralized energy systems, focusing on microgrid innovation, education, and component certification." Called the Microgrid Systems Laboratory, the new center is a joint project of the National Renewable Energy Laboratory (NREL), Sandia National Laboratory, Los Alamos National Laboratory, the U.S. Department of Energy (DOE) and a number of other parties.

Information about the center can be found at: <http://microgridmedia.com/microgrid-system-laboratory-partners-to-include-nrel-doe-clean-coalition-duke-energy-and-more/>

NERC Releases 2015 Long-Term Reliability Assessment

In December the North American Electric Reliability Corporation (NERC) released its *2015 Long-Term Reliability Assessment*. The report found that the big challenges facing the nation's power sector include falling planning reserves, a quickly changing resource mix, new environmental regulations like the Clean Power Plan and an influx of distributed power sources such as rooftop solar. The report provides recommendations for NERC and policymakers to ensure reliable power in the next decade.

Read the report: <http://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/2015LTRA%20-%20Final%20Report.pdf>

Nevada Commission Issues Decision On Net Metering and Demand Charges for Solar

The Nevada Public Service Commission on December 22 issued a Decision accepting a proposal by NV

Energy to modify rates such that Net Energy Metering (NEM) customers would be served under new rates. The Commission rejected NV Energy's proposal for introduction of demand charges for such customers.

View the Decision: http://pucweb1.state.nv.us/PDF/AxImages/DOCKETS_2015_THRU_PRESENT/2015-7/8305.pdf

New Jersey BPU Votes to Double the Amount of Funding for Energy Storage Projects

New Jersey is seeking applications to finance energy-storage projects that would provide backup power from renewable sources, such as solar and wind, in the event of widespread outages on the grid, the *New Jersey Spotlight* reported. The Board of Public Utilities (BPU) has set aside \$6 million in incentives for energy storage. Half of the money is targeted at critical facilities like water- and wastewater-treatment plants and schools -- many of which were left without power for days -- to help ensure that they remain in service even if large parts of the power grid fails, as happened during Hurricane Sandy. How the remaining money is to be used will be decided later this year based on research by Rutgers University's Laboratory for Energy Smart Systems.

Read the article: <http://www.njspotlight.com/stories/16/01/05/bpu-seeks-applications-to-develop-energy-storage-for-renewable-sources/>

New York: NYISO Strategic Plan Focuses on Integration of DERs

In December the New York Independent System Operator (NYISO) released its multi-year Strategic Plan. The 2016-2020 plan focuses on efficient wholesale electric markets, integration of distributed energy resources, and technology investments to prepare for future changes in the grid. The plan is based on the NYISO Board of Directors' review of financial and regulatory outlooks, as well as the economic and environmental factors affecting market participants and stakeholders. It accounts for market and regulatory trends that will shape the industry going forward, and positions the NYISO's markets, planning processes, and operational practices for changes in the energy industry landscape.

Read the announcement:

http://www.nyiso.com/public/webdocs/media_room/press_releases/2015/Strategic_Plan_News_Release_12-7-15.pdf

View the strategic plan: http://www.nyiso.com/public/webdocs/company/strategic_plan/2016-20_StrategicPlan_final.pdf

New York State Energy Head Discusses How the State is Transforming its Energy Systems

Richard Kaufmann, energy "czar" for New York Governor Andrew Cuomo, was interviewed by *Vox* late in 2015 and talked about how the state's Reforming the Energy Vision (REV) efforts are working and the strategies and politics that have been a part of this initiative.

Read the interview at: <http://www.vox.com/2015/11/20/9769856/new-york-kauffman-interview>

Ontario: IESO Announces Results of First Demand Response Auction

Ontario's Independent Electricity System Operator (IESO) recently announced the results of its demand response auction, a competitive process through which demand-side resources were selected to be available to reduce their electricity consumption, as needed, during the summer of 2016 and winter of 2016/17 commitment periods. This is an important development as it shifts the procurement of DR resources from contracts to a market-based mechanism that is more flexible and cost-effective for ratepayers.

Read the announcement: <http://www.newswire.ca/news-releases/ieso-announces-results-of-first-demand-response-auction-561446841.html>

Pacific Northwest: Comments Received on Draft Seventh Power Plan Show Strong Support For DR

The Northwest Council received public comments on its Draft Seventh Power Plan between October and December 2015. Comments showed strong support for energy efficiency and demand response, the two primary means of meeting the anticipated new demand for electricity over the next 20 years. The Council has scheduled webinars to discuss the plan on February 3 and February 4.

The Northwest Council is also considering the implications of some of its utilities participating in the California ISO in terms of a "duck curve" situation of solar energy generation surging during the afternoon. There are several studies underway to try and get a more accurate picture of the situation, and the Council expects to know more about how the region could be affected next year. For now, it doesn't change the resource strategy in the draft Seventh Power Plan.

The Northwest Council also recently announced that in 2014, Pacific Northwest utilities developed 262 average megawatts of new energy savings, enough to power 180,000 homes each year. Between 2010 through 2014, the cumulative savings of 1,500 average megawatts exceeded the target of 1,200 average megawatts set in the Council's Sixth Power Plan. Energy efficiency has met 57 percent of the region's load growth, and today, it's the second largest resource in the Northwest after hydropower.

Read the announcements: <http://www.nwcouncil.org/news/blog/public-comments-on-the-draft-seventh-plan/>, <http://www.nwcouncil.org/news/blog/california-duck-curve/> <http://www.nwcouncil.org/news/blog/2014-energy-savings/>

Pennsylvania PUC to Explore Alternative Utility Ratemaking Methods

The Pennsylvania Public Utility Commission (PUC) will hold a March 2016 hearing in Harrisburg to gather information from experts regarding alternative ratemaking methodologies. The hearing will focus on several issues:

- Whether revenue decoupling or other similar rate mechanisms encourage utilities to better implement energy efficiency and conservation programs;
- Whether such rate mechanisms are just and reasonable and in the public interest; and
- Whether the benefits of implementing such rate mechanisms outweigh any costs associated with implementing the rate mechanisms.

View the announcement: http://www.puc.state.pa.us/about_puc/press_releases.aspx?ShowPR=3646

Report on Time of Use Pilot Programs

A new report, *Time-of-Use Pricing Opt-In Pilot Plan*, was prepared for the California Public Utilities Commission (CPUC) in response to Decision 15-07-001. This Decision ordered California's three investor

owned utilities (IOUs) to conduct certain "pilot" programs and studies of residential Time-of-Use (TOU) electric rate designs beginning the summer of 2016. The IOUs formed a working group to address issues regarding the TOU pilots. This report summarizes the TOU pilots and studies that were designed over the last three months through the TOU Working Group process.

Read the report: <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M157/K701/157701174.PDF>

Support for Price on Carbon

On January 19, the *New York Times* published an editorial discussing the success of British Columbia's carbon tax. British Columbia, which is home to 4.7 million people, has placed the highest price on emissions in North America, taxing a ton of carbon emitted at 30 Canadian dollars, or about \$21. The tax is essentially revenue-neutral - it has raised about \$4.3 billion while other taxes have been cut by about \$5 billion. The article states that researchers have found that the tax helped cut emissions but has had no negative impact on the province's growth rate, which has been about the same or slightly faster than the country as a whole in recent years.

A new report from the World Resources Institute (WRI) also shows support for a carbon tax. *Putting a Price on Carbon: Reducing Emissions* describes how a national price on carbon would reduce emissions across key sectors of the economy, including empirical evidence and real world case studies. The report concludes that carbon pricing can play a central role in helping the US achieve its long-term climate goals, particularly if combined with a smart portfolio of complementary policies.

Read the article: http://www.nytimes.com/2016/01/19/opinion/proof-that-a-price-on-carbon-works.html?ref=todayspaper&_r=1

Read the report: <http://www.wri.org/publication/putting-price-carbon-reducing-emissions>

Supreme Court Overturns Lower Court Ruling and Upholds FERC Order 745

On January 25, the U.S. Supreme Court issued a 6-2 opinion that overturned an earlier decision by the U.S. District Court of Appeals regarding demand response. The lower court's ruling invalidated FERC's Order 745, which focused on valuation of demand response in wholesale energy markets. Notably, the lower court also found FERC to lack jurisdiction over DR. The Supreme Court decision ratifies FERC's DR jurisdiction. Other motions filed at FERC based on the lower court decision to extend that court's rulings to other areas have been withdrawn based on the higher court's ruling.

The Supreme Court's ruling can be seen at:

http://www.supremecourt.gov/opinions/15pdf/14-840_k537.pdf

Survey Finds Half of Americans Will Have Smart-Home Tech by End of Year

A survey by real estate brokerage firm Coldwell Banker found that about 45 percent of all Americans will either own smart-home technology or invest in it by the end of 2016. *Venture Beat* reported that the survey found that it's not just the tech savvy who are adopting smart-home technology, with devices such as app-driven heaters. 36 percent of those who plan to adopt such devices in 2016 say that they don't consider themselves to be early adopters of technology. The survey also found that 54 percent of homeowners in the market to sell their house would purchase or install smart-home products to help it sell faster.

Read the article: <http://venturebeat.com/2016/01/03/half-of-americans-will-have-smart-home-tech-by-end-of-2016/>

Wall Street Journal Focuses on How Extreme Weather Will Affect the Grid

The *Wall Street Journal* was among many publications that on December 22 reported on the release of an investigative report by the Associated Press into the vulnerability of the U.S. electricity grid. The report found that extreme weather is the leading cause of electricity outages and that such weather events are increasing. The article focuses on how a number of utilities are trying to address this issue and its associated costs.

Read the article: <http://www.wsj.com/articles/AP843e1c7d1fdd494fb73bdfda47283fc9>



The Supremes Put Out a (DR) Hit - Next Steps and Lessons Learned

January 25 was quite a day, wasn't it? After more than a year of uncertainty as to whether the current policy and business model for demand response at the wholesale level was going to be scrapped, the Supreme Court overturned a lower court ruling and upheld FERC Order 745.

So what now?

While it often seemed so, the legal proceeding on Order 745 was never about all types and forms of DR. Moreover, a different Supreme Court decision that upheld the lower court ruling would not have been the death knell for wholesale DR. Demand response would have morphed and evolved and made it to the market in some other way.

So we should all simply let out a sigh of relief and resume the status quo? Well...no...there are some next steps to take.

In 2014, before the Supreme Court had decided to hear the 745 case, several parties started to talk about developing alternative plans for wholesale DR. Those discussions grew into a formal effort known as the *Evolution of DR Dialogue Project* (EDP). When the high court decided to hear the case, the question EDP participants asked themselves was, "Should we continue our work, or wait to see what the court does?" Our decision was to continue, as the group realized that DR had evolved a lot over the last 10 years and needed to evolve further - particularly in the context of the rise of Distributed Energy Resources (DER) - regardless of the outcome at the Supreme Court. So over the course of many months, this group of utilities, ISOs, DR providers, state and federal policymakers, consumer groups, environmental groups and other stakeholders worked via a Wedgemere-facilitated dialogue to examine the current issues for DR such as "visibility", "duality", "integration" and the need for DR to be fully considered as a DER option just like all the others that we normally think of.

The outcome of the EDP Group's work, including its important recommendations to policymakers and stakeholders, was just released in a [report](#) that is available at www.wedgemere.com. If you work in or care about demand response, DER and the future of both, you might want to take a look.

So what of lessons learned?

Today many companies are looking for immediate returns on any investment they make participating in the policy process. Companies and organizations say, "Why invest time, money and energy when nothing ever gets done quickly or, if something does get done, it won't mean anything anyway?"

Well...consider this example.

The Demand Response and Smart Grid Coalition (DRSG) was a group that some companies asked Wedgemere to form in 2001, primarily to pursue a tax incentive for the deployment of smart meters. Once established, DRSG began to quickly broaden its reach to other policy opportunities that would promote smart grid technologies and demand response. The development of the federal Energy Policy Act of 2005 (EPACT) was one of those opportunities. In the months leading up to its passage by Congress, DRSG was asked to submit proposals for provisions to be included in the bill. Wedgemere came up with several proposals, an example of which is the requirement that FERC do an annual DR report. The ideas and language we sent up to the Hill eventually became Section 1252 - the "DR" section - of EPACT.

Subsections (a) through (e) of 1252 were all fairly specific, but one other Wedgemere-drafted provision simply stated that demand response was the "official policy" of the U.S. and that FERC had a role in ensuring that. After EPACT passed, I remember people, including DR people, seeing this "official policy" language - subsection 1252(f) of the new law - and saying that it didn't seem to be doing anything. My reply to them was that maybe it would come in handy some day.

Last Monday, one thing that Supreme Court Justice Kagan cited in her majority opinion as evidence that Congress had weighed in on the issue of FERC's jurisdiction over DR was Section 1252(f) of EPACT. The lesson? Policymaking is a process that works in strange ways and it requires continual involvement if one really wants to benefit from it. Sometimes something done in 2005 can mean something in 2016. Maybe some investment in the policy process in 2016 will mean something good down the road as well.

Dan is the President of Wedgemere Group. Follow him on Twitter [@dandelurey](#).

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