

Demand Response Article Summary:

Title: Innovari Wants to Make Demand Response the Same As an Independent Power Plant

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ADS Business Case/Issues Committee

Innovari is a start-up founded in 2011. Innovari's main business approach is to re-package or re-classifying Demand Response as an "asset" owned by the utility to control demand, similar to the way a utility would control other aspects of its electric network. This use of demand response is explicitly distinguished from utility sponsored programs that are essentially purchases of demand from the customers and are administered with customer funds or supported by energy market mechanisms. The latter type of Demand Response is the type that ENERNOC or Comverge offers to utilities.

Through precise demand control, facilitated by extensive sensor deployment, 30 second interval monitoring of demand and proprietary control algorithms utilities are enabled to manage stressed or peak loaded circuits/substations in a more efficient and cost effective manner. Innovari claims to have created a Federal Energy Regulatory Commission (FERC)-codified description for its resource to meet the requirements of a capital asset. Some jurisdictions do allow demand response and energy efficiency expenditures to be considered as investments that obtain a guaranteed rate of return but, it is still rare. The Court Decision overturning FERC Order 745 could lead to more state control of demand response and the markets associated with it, as well as, more support for favorable regulation.

Alternate applications of demand response, if integrated by utilities as a control asset and treated favorably in state level regulation, could provide incentives to utilities by rate basing the investments and provide operational efficiencies and cost reductions. Innovari's approach of extensive sensor deployment, 30 second demand monitoring and proprietary control algorithms could position them well if the market they envision develops.