



Demand response - Income opportunity

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Demand Response - Explained

When electrical demand reaches critical levels, demand response are actions taken by electric providers to reduce electric consumption to avoid black outs. Customers of electric utilities can help by enrolling in a demand response program offered by certified providers. Customers that "Go Green" by joining, also earn income for their participation.

How Do Demand Response Programs Work?

Demand response is a major component of mitigating high demand that might otherwise result in a black out. Customers who join demand response programs are key to the success of this effort. During periods when demand response actions are required, customers in the demand response program will be notified to implement their predetermined curtailment plans. These curtailment notices are sent out 21 hours to as little as two hours before implementation is required. Curtailment steps might include reduced lighting, taking elevators off line or increasing temperature set points for cooling systems. Facilities with back-up or emergency generators might need to switch to in-house power.

How Does "Income Opportunity" Fit In?

Income comes into play as compensation to demand responders for their commitment to reduce electrical consumption upon notification in accordance with their curtailment plans. Actual payment amounts vary and are based on the amount of usage reduction that can be achieved - determined at the time the responder enters the program. According to Ryan Korczykowski, an industry expert with NuEnergen, NYS has some of the highest paying demand response programs in the country. A typical office or industrial building could expect to receive annual payments of \$125,000 for participation in a demand response program. Larger buildings that are able to achieve reductions of 1 MW or more could expect to receive annual payments in the \$200,000 range. Smaller office buildings - below 100,000 s/f - also qualify, but will receive proportionately lower payments. Remember payments are based on usage reduction - not building size. Annual payments are made regardless of the number curtailment notifications - including no notifications.

Can I Qualify?

Buildings and other large customers with in-house generating capacity are prime candidates for these programs. The costs of installing and maintaining emergency or stand-by generators can be offset by these annual payments. Customers without generators also qualify if they are able to reduce consumption by taking curtailment steps upon notification. Contact your provider or go to www.nuenergen.com to determine your potential for joining a demand response program.

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