

Consumers Energy Demand Response Program

October 2017

Consumers Energy
Count on Us®



Key Takeaways

- Demand Response Program
- How the program works
- How will my business benefit
- How to participate
- Program details
- Incentive payments

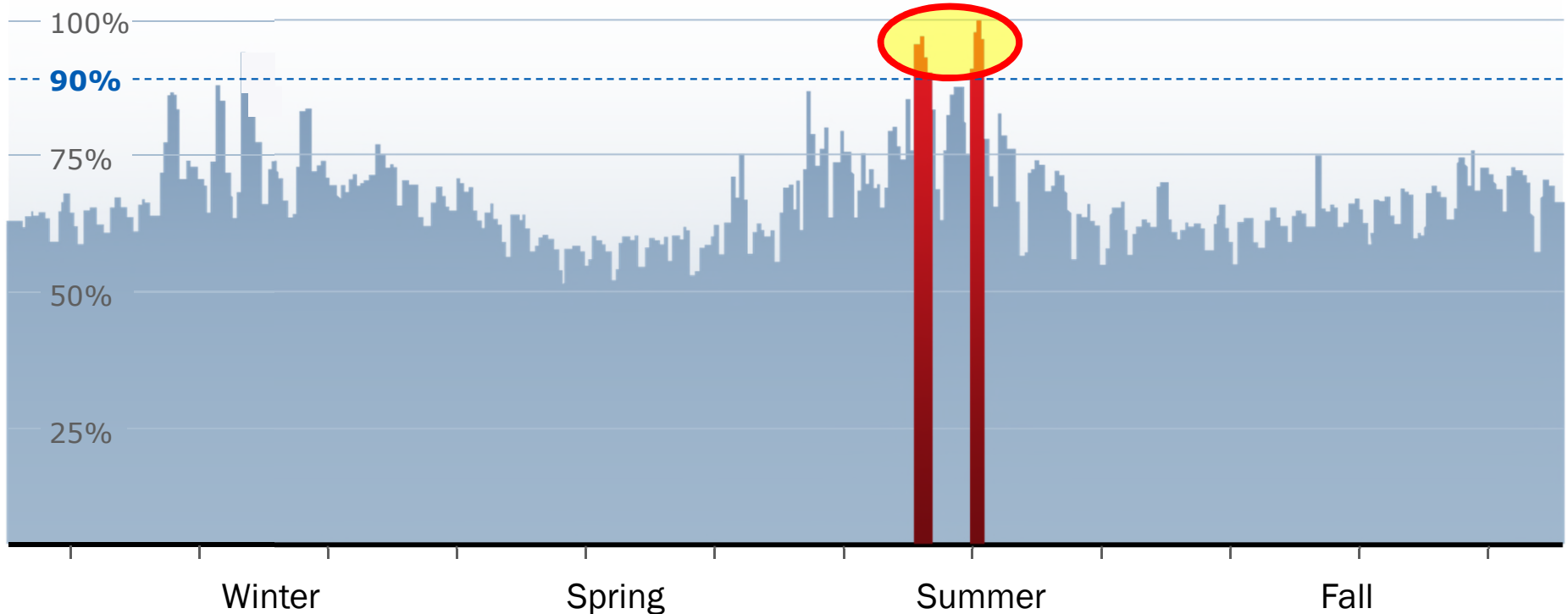


Consumers Energy will pay you to not use electricity!



What is Demand Response?

Annual Electricity Demand As a Percent of Available Capacity

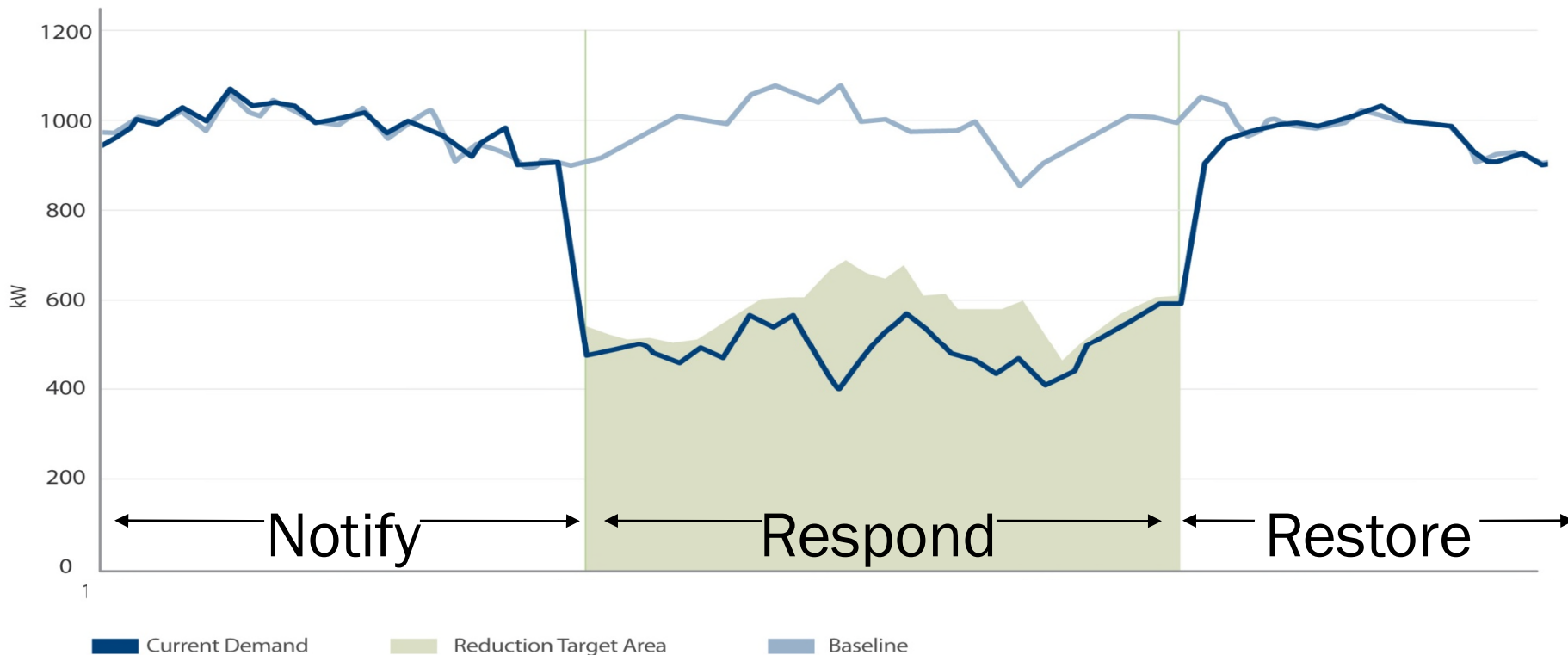


How Does Demand Response Work?

1. Consumers Energy/MISO* anticipates a supply shortfall
2. Consumers Energy contacts its portfolio of customers to curtail energy use
3. Customers initiate energy reduction plan
4. Load reduction is achieved across the grid
5. Customers receive payment for verifiable load reduction

*MISO – Midcontinent Independent System Operator

How Demand Response Events Work



Why Consider Demand Response?



- ✓ Financial incentives for participation
- ✓ Help meet Michigan energy needs with Michigan resources
- ✓ “Green” generation



- ✓ Better insight into energy use
- ✓ Understanding of how operational decisions impact costs and waste

Ways to Reduce Energy Use

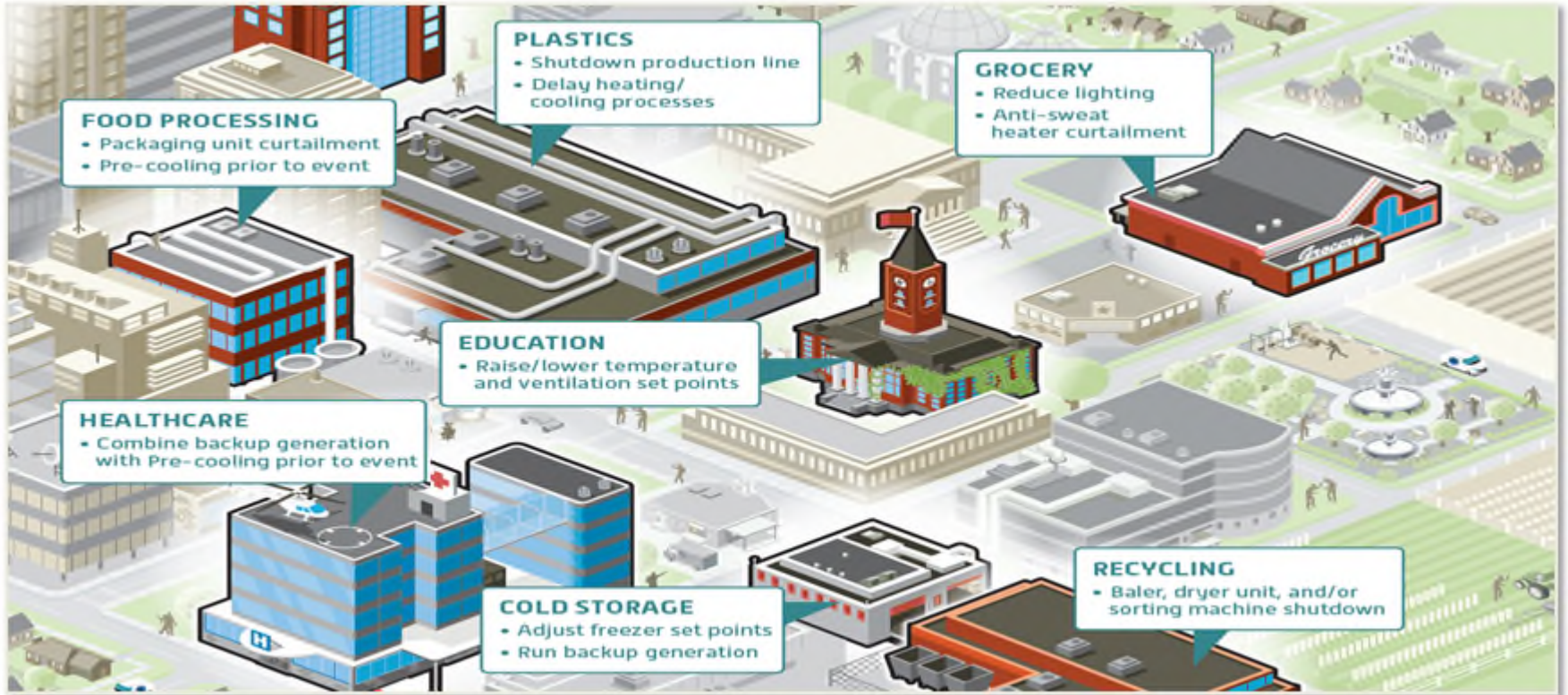


Image courtesy of EnerNOC

How to Participate

- 2018 - Two Demand Response Programs:
 - Emergency - Called by MISO indicating a grid emergency
 - Very infrequent – many years since last event
 - Participation is required during event
 - Economic - Called by Consumers Energy
 - More frequent
 - Participation is required to receive incentive payment
- Customer Participation:
 - Emergency only
 - Emergency and Economic
- Participants must curtail 100kW or more



*MISO – Midcontinent Independent System Operator

Interruptible Rate

- Participants must curtail 500kW or more
- Program is year-round
- Event participation is mandatory
- Financial penalty \$50/kW for non-compliance
- Risk of participation is High

Demand Response Emergency vs. GI Interruptible Rate

	Demand Response	Interruptible Rate
Type of participation	Contracted Program	Tariff
Timing of participation	June 1 – Sept. 30	Year-round
Participation requirement	Voluntary	Mandatory
Financial Penalties	Low - Real Time Commodity Price / MWh	High - \$50/kW for non-compliance
Likelihood of event	Moderately unlikely	Rare
Risk of participation	Low	High
Notification timing	30 minutes - 12 hours	0-10 minutes (can be immediate)

Thank you!