

# Addressing Critical Needs with Virtual Peaking Capacity (VPC)™

Using our VPC business model, Comverge has provided ISO New England a solution to its critical reliability issues in Southwest Connecticut.

## Problem

ISO New England, Inc. ("ISO-NE") is the operator of the New England Region's bulk power system. With an inadequate electricity system in Southwest Connecticut and critical reliability issues (highlighted by the 2003 blackout), the Federal Energy Regulatory Commission ("FERC") authorized ISO-NE to initiate a competitive bidding process for emergency peaking capacity specifically in the Southwest Connecticut area.

## Solution

Comverge's Virtual Peaking Capacity ("VPC") business model. Because it is structured as a pay-for-performance peaking capacity product, Comverge was able to provide ISO-NE a competitive bid utilizing its VPC model, giving ISO-NE exactly what it needed – peaking capacity at a specific location. In addition, since Southwest Connecticut includes service areas of two IOU's (Connecticut Light & Power and United Illuminating) as well as several municipally owned electric systems, ISO-NE required a truly outsourced program which could aggregate load reductions independent of utility service area boundaries. Again, Comverge's VPC model provided a robust business structure grounded in a completely turnkey load control program based on cycling central air conditioners, which is supported by a marketing and recruitment campaign initiated and operated by Comverge, targeting the residential and small C&I customers. Comverge's program, CoolSentry, recruits customers across the entire Southwest Connecticut area, providing a critical tool for ISO-NE to manage the reliability of the power grid, protecting against blackouts and brownouts. Unique to

CoolSentry, customers can choose either an annual cash incentive, or a Green Tag, which provides for the purchase of renewable energy credits on behalf of the customer. In this way, Comverge's CoolSentry program not only provides critical peak load reduction to address significant reliability issues facing ISO-NE, but also provides significant environmental benefits through both green tags, and avoided peaking capacity from fossil-fueled peak generating facilities.

"The inadequacy of Southwest Connecticut's electricity system makes these short-term measures necessary to ensure reliability, particularly during the summer months when the Southwest corner of the state is vulnerable to power disruptions," said Stephen G. Whitley, ISO New England's Senior Vice President and Chief Operating Officer. "These resources are intended to help fill a reliability gap until a long-term solution to Southwest Connecticut's reliability problem is in place."

## Results

Secured through a competitive bidding process, Comverge's ISO-NE VPC contract is ramping up to provide up to 60 MW of critical peaking capacity to ISO-NE specific to the Southwest Connecticut electric service area. Comverge's VPC contract structure was so well liked by ISO-NE, that its initial 48 MW contract award was expanded to 60 MW when a competitor was unable to fulfill its contract award for peaking capacity. Comverge was able to quickly agree to the 12 MW expansion with no increase in capacity pricing to ISO-NE, demonstrating the ease by which its VPC product is easily scaleable.



*The Power in Power Technology™*

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