



January 12, 2009

VIA FACSIMILE (713) 356-0067 & EMAIL

North American Energy Standard Board
Attn: Executive Committee
1301 Fannin, Suite 2350
Houston, TX 77002

Re: 2008 WEQ Annual Plan Item 5 (a)- Business Practices for a Framework for
Measurement and Verification of Wholesale Electricity Demand Response

To Whom It May Concern:

Please find attached the comments of Energy Curtailment Specialists, Inc. (ECS) in reference to the above. Should you have any questions, please do not hesitate to contact me directly. We thank you for the opportunity to submit these comments.

Warm Regards,

A handwritten signature in blue ink, appearing to read "Glen Smith", is written over a large, light blue circular scribble.

Glen Smith
President/CEO

GES/mac

Enclosure



January 5, 2009

North American Energy Standard Board
Attn: Executive Committee
1301 Fannin, Suite 2350
Houston, Texas 77002

Re: Comments of Energy Curtailment Specialists, Inc., on Recommendation to NAESB Executive Committee on 2008 WEQ Annual Plan Item 5(a), Business Practices for a Framework for Measurement and Verification of Wholesale Electricity Demand Response

Pursuant to the Request for Formal Comments on WEQ Recommendations, dated December 4, 2008, Energy Curtailment Specialists, Inc. ("ECS") respectfully submits the following comments on the proposed 2008 WEQ Annual Plan Item 5(a): Business Practices for a Framework for Measurement and Verification of Wholesale Electricity Demand Response.

I. Introduction

On December 2, 2008 the DSM-EE Subcommittee issued their recommendations on 2008 AP item 5(a), Review and Develop Business Practice Standards to Support DR and DSM-EE programs, proposed standards, which were approved by the subcommittee on December 2, 2008. The standards developed are meant to support the measurement and verification characteristics of demand response programs administered for application in the wholesale market. The Subcommittee recognized that these standards may be subject

to individual tariff filings, which will also be subject to approval by the Federal Energy Regulatory Commission (“FERC”).

ECS would like to commend the DSM-EE Subcommittee for their vigorous work and recommendations, which have been developed and brought forward in the Proposed Standards Recommendation Report.

II. Overview of Energy Curtailment Specialists, Inc.

ECS is the largest privately held demand response provider in the United States, with market operations in five RTO/ISOs, including the organized markets in New York, New England, PJM, California, and the Midwest. In addition, ECS has signed an array of utility contracts designed to provide demand response products and services in California and Kansas City. ECS’ demand response programs provide services to commercial, industrial, governmental, and institutional clients. ECS presently has in excess of 1,000 MW of capacity resources under contract nationwide, with a significant majority of those resources in organized wholesale markets.

III. Comments on Recommendations

a) *Measurement and Verification Standards (“M&V”)*

ECS agrees with the DSE-EE Subcommittee’s recommendations set forth in the proposal, which states that M&V standards are intended to facilitate Demand Response (“DR”) in wholesale markets and the standards established will provide a framework for transparency, accountability, and consistency. Consistent standards, such as general requirements, telemetry, metering, performance evaluation, baseline and event

information, are all critical categories that each individual RTO/ISO needs to establish in order to provide fluent and transparent DR in all markets.

b) *Established Baseline's for Performance Evaluation*

ECS believes that NAESB, and the DSM-EE Subcommittee, should be applauded for their proposed “...*framework that may be used to develop evaluation methodologies for specific Demand Response services*”. The subcommittee recognizes that baseline calculations have yet to mature, and to date there are several varieties of baselines used throughout the wholesale markets. ECS firmly believes that providing customers with a variety of baselines (maximum base, load, meter before/meter after, baseline I, baseline II, and metering generator output) will enable customers the flexibility to choose which baseline method suits the business needs of the end-use customer best.

As FERC staff noted, in their recent 2008 Assessment of Demand Response and Advance Metering report, that a central issue of measurement is the customer baseline.¹ As the FERC report indicates, NAESB is working on measurement and verification standards in an effort to identify best practices at both the wholesale and retail level.² ECS agrees with NAESB that ISO/RTO's may offer multiple baseline models, and that these baselines should be based on the characteristics of the end-use customer's load characteristics, as baseline methods depend on the type of DR product or service.

c) *Business Practice Requirements*

NAESB has prepared a comprehensive report that recommends that ISO/RTO's, in many instances, should specify the details for each required M&V standard. ECS

¹ Federal Energy Regulatory Commission, Assessment of Demand Response & Advance Metering, Staff Report, December 2008, pg 60, http://elibrary.ferc.gov/idmws/file_list.asp?accession_num=20081229-3027

² Federal Energy Regulatory Commission, Assessment of Demand Response & Advance Metering, Staff Report, December 2008, pg 57