



# Federal Energy Regulatory Commission

## February 21, 2013

### Open Commission Meeting

### Staff Presentation

### Item E-3

"Mr. Chairman, Commissioners, good morning. We are here to present a draft Final Rule to amend the Commission's regulations to incorporate by reference business practice standards developed by the North American Energy Standards Board (or NAESB). These business standards support the measurement and verification of demand response and energy efficiency products and services in organized wholesale electric markets.

"These standards provide common definitions and processes regarding both demand response and energy efficiency products in the organized wholesale electric markets where such products are offered. The standards also require each regional transmission organization and independent system operator to address in its governing documents the performance evaluation methods to be used for demand response and energy efficiency products. The standards facilitate the ability of demand response and energy efficiency providers to participate in organized wholesale electric markets, thereby reducing transaction costs and providing an opportunity for more customers to participate in these programs, especially customers that operate in more than one organized market.

"The standards for the measurement and verification of demand response products refine the NAESB standards that the Commission incorporated by reference in Order 676-F in 2010, also known as the Phase I Demand Response M&V standards. In these Phase II Demand Response M&V standards that the Commission is incorporating here, the following changes were made to the Phase I standards:

- "First, NAESB clarifies that in the event of a conflict between the Phase II standards and system operator governing documents, the governing documents shall specify any requirement, not the system operator.
- "Second, the revised standards now include specific telemetry intervals, meter accuracy requirements, meter data reporting deadlines, meter data reporting intervals, and clock accuracy requirements.
- "Third, the standards applicable to the provision of capacity products now include specific advance notification requirements and deadlines describing when demand response reductions must be achieved.

"Finally, the period of time that can be used for calculating an adjustment to baselines prior to a demand response event is now specified.

"The Final Rule concludes that these revisions to the NAESB standards represent an incremental improvement to the business practices for measuring and verifying demand resource products and services in the organized wholesale electric markets.

"The new standards for energy efficiency provide criteria that will support the measurement and verification of energy efficiency products and services in organized wholesale electric markets. They are intended to ensure that the reduction values that are used in performance reporting accurately reflect the energy reduction delivered to the electrical system. These new standards provide four acceptable measurement and verification methodologies that energy efficiency resource providers may use to participate in organized wholesale electricity markets. They also provide criteria for determining which type of baseline to use in various situations, such as the installation of new energy efficient equipment and processes or the replacement of outdated equipment. The standards also contain rules regarding statistical methods used to accurately determine reduction values, specifications for equipment used to perform measurements, and data validation. The Final Rule

concludes that these standards will reduce transaction costs and provide an additional opportunity and increased incentive for energy efficiency resources to participate in the wholesale markets established in RTO and ISO regions.

"I would like to thank the members of the project team for their dedication and contributions to this project - Mindi Sauter, Bill Lohrman, Chris Young, Michael Lee, Bryan Wheeler, and Tony Dobbins.

"This concludes my presentation. I'd be happy to answer any questions."