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Before the
FEDERAL ENERGY REGULATORY COMMISSION
991st Commission Meeting

Thursday, February 21, 2013
Hearing room 2C
888 First Street, N.E.
Washington, D.C.20426

The Commission met in open session, pursuant to
notice, at 10:03 a.m., when were present:

COMMISSIONERS:

JON WELLINGHOFF, Chairman
PHILIP MOELLER, Commissioner
JOHN NORRIS, Commissioner
CHERYL A. LaFLEUR, Commissioner
TONY CLARK, Commissioner

FERC STAFF:

KIMBERLY D. BOSE, Secretary
DAVID MORENOFF, Acting General Counsel
JIM PEDERSON, Chief of Staff
JEFF WRIGHT, Director, OEP
MICHAEL C. McLAUGHLIN, Director, OEMR
JOSEPH McCLELLAND, Director, OEIS
JAMIE SIMLER, Director, OEPI

1 FERC STAFF (Continued):

2 NORMAN BAY, Director, OE

3 TED FRANKS, OER

4 PRESENTERS:

5 A-3 Electricity Market Transparency Provisions

6 of Section 220 of the Federal Power Act

7 (RM10-12-000)

8 Presenter: WILLIAM SAUER, OEPI

9 MARIA VOURAS, OE

10 MICHAEL P. McLAUGHLIN, OEPI

11 E-3 Standards for Business Practices and

12 Communications Protocols for Public

13 Utilities (RM05-5-020)

14 Presenter: DAVID KATHAN, OEPI

15 BILL LOHRMAN, OEMR

16 MINDI SAUTER, OGC

17 MICHAEL LEE, OEPI

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25 COURT REPORTER: Jane W. Beach, Ace-Federal Reporters, Inc.

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1 PROCEEDINGS

2 (10:02 a.m.)

3 CHAIRMAN WELLINGHOFF: If we could, come to order
4 please. This is the time and place that has been noticed
5 for the open meeting of the Federal Energy Regulatory
6 Commission to consider matters that have been duly posted in
7 accordance with the Government in the Sunshine Act. Please
8 join me in the Pledge of Allegiance.

9 (Pledge of Allegiance recited.)

10 CHAIRMAN WELLINGHOFF: Well since January we have
11 actually issued 64 notationals, one up from the previous
12 period.

13 I think we have one or two opening statements or
14 announcements that people want to make.

15 Commissioner Norris?

16 COMMISSIONER NORRIS: Thanks, Jon.

17 I just wanted to take a moment today to
18 salute--since our last meeting, and at the last NERC Board
19 meeting, John Q. Anderson, as he's often known at the NERC
20 Board meetings, retired. And I just wanted to salute John
21 for his 14 years of service on the NERC Board, and 4 years
22 as Chair. Since I have been on this Commission, he's been
23 chair of the NERC Board. So he's all I know for a chairman.
24 But John took NERC from its formative years in the late
25 1990s and through today, leading it through the transition
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1 to the ERO and the development of Mandatory Reliability
2 Standards. And under his leadership, brought on the new
3 Risk Management efforts at the ERO.

4 And I just want to commend him for his
5 leadership, his vision, and the years of dedication that he
6 has had to our bulk power system.

7 Replacing John will be Fred Gorbet. Fred is the
8 new Chair of the Board of Trustees. He started on the Board
9 in 2006 and has just an impressive background of experience
10 in Canada, serving as the Assistant Secretary to the Cabinet
11 and Deputy Minister of Finance, as well as a Senior Policy
12 Advisor to the Canadian Department of Energy, and Director
13 of Policy for the International Energy Agency.

14 So he will continue the international focus of
15 NERC and am pleased to have someone with Fred's experience
16 step in behind John. But mostly this morning we wanted to
17 salute John for his great leadership and effort at NERC.

18 Thank you.

19 CHAIRMAN WELLINGHOFF: Thank you, John.
20 Certainly through the 2005 transition it was a tough time,
21 and we do appreciate John's work at NERC for that.

22 Phil?

23 COMMISSIONER MOELLER: I'll just quickly echo,
24 and thank you, Commissioner Norris, for pointing out
25 Mr. Anderson's service. And also, it's great to have
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1 actually a Canadian now chairing NERC, too, because it is
2 the "North American" organization, and we don't want the
3 Canadians to be forgotten about since we're vitally
4 connected at least north and south.

5 I'll quickly note, also, today, even though we're
6 not going to discuss it, we are commencing our Order
7 No. 1000 compliance filings, or orders on those compliance
8 filings. And this will probably be a multi-year undertaking
9 that this agency endures. It is probably the biggest human
10 resources project that the agency has ever done, and I trust
11 and hope that the public and the people we regulate will
12 follow it very closely.

13 Thank you, Mr. Chairman.

14 CHAIRMAN WELLINGHOFF: Thank you, Phil. Does
15 anybody else have any comments? Cheryl?

16 COMMISSIONER LaFLEUR: Well just to also thank
17 John for his shout-out to John Q, who has done a great job
18 leading NERC forward and really positioned it well for the
19 future. And we look forward to working with Mr. Gorbet.
20 Thanks.

21 CHAIRMAN WELLINGHOFF: Thank you, Anybody else?

22 (No response.)

23 CHAIRMAN WELLINGHOFF: All right, Madam
24 Secretary, I think we are ready for the Consent Agenda.

25 SECRETARY BOSE: Good morning, Mr. Chairman, and
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1 good morning, Commissioners. Since the issuance of the
2 Sunshine Act notice on February 14th, 2013, Items H-1 and C-
3 6 have been struck from this morning's agenda.

4 The Consent Agenda is as follows:

5 Electric Items: E-1m E-2, E-4, E-6, E-8, E-9,
6 and E-10.

7 Gas Item: G-1.

8 Hydro Items: H-2, H-3, and H-4.

9 Certificate Items: C-1, C-2, C-3, C-4, C-5, C-7,
10 and C-9.

11 As to E-2, Commissioner Moeller is concurring
12 with a separate statement.

13 We will now take a vote on this morning's Consent
14 Agenda items. The vote begins with Commissioner Clark.

15 COMMISSIONER CLARK: I vote yes.

16 SECRETARY BOSE: Commissioner LaFleur.

17 COMMISSIONER LaFLEUR: I vote aye.

18 SECRETARY BOSE: Commissioner Norris.

19 COMMISSIONER NORRIS: Aye.

20 SECRETARY BOSE: Commissioner Norris--I'm sorry,
21 Commissioner Moeller, I'm sorry.

22 CHAIRMAN WELLINGHOFF: You don't get to vote
23 twice, John.

24 (Laughter.)

25 COMMISSIONER MOELLER: Noting my concurrence in
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1 E-2, I vote aye.

2 SECRETARY BOSE: Thank you. And Chairman
3 Wellinghoff.

4 CHAIRMAN WELLINGHOFF: I vote aye.

5 And I'd just like to note, as Commissioner
6 Moeller said, we did just vote on two Order No. 1000 items,
7 which is the beginning of the Compliance activities,
8 although the two we voted on were minor with respect to
9 their Compliance issues. They weren't major Compliance
10 issues. But it is going to start the process here of, as
11 you say, a very major effort by Commission staff and by the
12 Regions, as well, ultimately, in implementing the
13 Compliance. So we look forward to it.

14 If we could now, Madam Secretary, move forward to
15 the Discussion Agenda.

16 SECRETARY BOSE: A-3 is our first presentation
17 and discussion item for this morning. This item was issued
18 by the Commission on February 8th, 2013, in Docket No. RM10-
19 12-000, and published under the citation 142 FERC Paragraph
20 61,105, entitled Order Partially Extending Compliance
21 Effective Date.

22 There will be a presentation by William Sauer
23 from the Office of Energy Policy and Innovation. He is
24 accompanied by Maria Vouras from the Office of Enforcement,
25 and Michael P. McLaughlin from the Office of Energy Policy
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1 and Innovation.

2 MR. SAUER: Good morning, Mr. Chairman, and
3 Commissioners:

4 We are here to present an Order issued on
5 February 8th, 2013, extending the compliance effective dates
6 with respect to the requirement set forth in Order No. 768
7 that filers of Electric Quarterly Reports, or EQRs for
8 short, report e-Tag IDs in their EQRs. No extensions were
9 granted in that February 8th Order other than for the
10 requirement to report e-Tag IDs.

11 E-Tag IDs are a subset of information associated
12 with the e-Tags used to schedule physical interchange
13 transactions. Order No. 768, the final Rule on Electricity
14 Market Transparency, requires EQR filers to, among other
15 things, submit e-Tag IDs for each transaction reported in
16 the EQR if an e-Tag ID was used to schedule that
17 transaction.

18 On rehearing of Order No. 768, and at the
19 December 12th technical conference in this proceeding,
20 certain parties raised concerns about complying with the
21 e-Tag ID reporting requirement.

22 Some EQR filers state that e-Tag ID data are not
23 automatically integrated with their trade capture systems,
24 where most EQR data are captured. This complicates
25 compliance with the new reporting requirement.

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1 The February 8th Order which extended the
2 compliance effective date for reporting e-Tag ID data will
3 allow the Commission more time to fully assess the benefits
4 and burdens associated with market participants linking
5 e-Tag ID information and transactions in the EQR considering
6 other recent data collection efforts, including Order
7 No. 771 and Order No. 760.

8 Finally, as noted in the February 8th Order,
9 staff will prepare a status report on the implementation of
10 the e-Tag ID requirement. That status report will be issued
11 by February 8th, 2014, unless the Commission has already
12 taken action on the matter.

13 This completes our presentation. We would be
14 happy to answer questions.

15 CHAIRMAN WELLINGHOFF: Thank you, William. Of
16 course this is an Order we already voted on on February 8th.
17 The actions taken in Order No. 768 were intended to
18 facilitate price transparency for the sale and transmission
19 of electric energy in interstate commerce.

20 This extension of the compliance date for just
21 one of the requirements of Order No. 768 will help ensure
22 that the Commission implements that Order's requirements in
23 an efficient and reasonable manner. And so I appreciate
24 your work here. And I think, Commissioner Moeller, you
25 called this item and have some comments?
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1 COMMISSIONER MOELLER: Yes. Thank you,
2 Mr. Chairman. I appreciate you letting me call the item.
3 It's a little unusual that we would talk about something
4 that we've acted on previously, but my feeling was that the
5 Order, when one reads it, might lack the kind of detail that
6 the industry might want to further understand our actions.

7 So in terms of asking the staff a few questions,
8 you alluded to a little bit of some of the arguments that
9 were brought forth, but can you elaborate on some of the
10 other arguments that were brought forth by interested
11 parties that led to our decision?

12 MR. SAUER: Yes, sir. Through the rehearing
13 request and through the technical conference, we were able
14 to learn more about the nature of the technical challenges
15 associated with linking e-Tag IDs to EQR transactions.

16 Following those rehearing requests and the
17 technical conference, we had additional discussions with
18 industry and we've learned more about how closely linked
19 deal capture systems are with scheduling systems.

20 And a deal capture system essentially captures
21 transactions--details around a transaction; whereas a
22 scheduling system can be used to schedule transmission
23 through the use of an e-Tag.

24 So in some cases these systems are very closely
25 linked for industry, and in some cases they aren't very
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1 closely linked at all.

2 Certainly when they aren't closely linked, there
3 are additional challenges associated with complying with
4 this rule.

5 COMMISSIONER MOELLER: Cost being, presumably,
6 the big one.

7 MR. SAUER: Yes.

8 COMMISSIONER MOELLER: To one extent I think it
9 shows that we were responsive to industry concerns, and yet
10 the arguments kind of came late in the process. Do you have
11 any thoughts on kind of why that happened, or how that
12 happened?

13 MR. SAUER: Yes. We certainly learned a lot more
14 through their rehearing request, and through discussion with
15 industry after the fact in the technical conference. I
16 think before the rehearing request, maybe more of the
17 arguments focused just on say general burdens and we were
18 able to learn more about the real meat of the technical
19 challenges after that.

20 COMMISSIONER MOELLER: All right. Well, again I
21 think it speaks well that an agency is responding to
22 concerns that were raised on technical and cost issues.

23 What are you going to do in the interim period as
24 staff?

25 MR. SAUER: So as you know, the--we will issue a
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1 status report in one year from now if the agency hasn't
2 acted. In this time, we plan to have additional discussions
3 with the industry and with software vendors.

4 What we've heard anecdotally from some of the
5 market participants, especially where these scheduling
6 systems and deal capture systems are closely linked, it
7 seems that compliance isn't as large of an issue and it
8 could be fairly simple to integrate. So certainly what we
9 plan to do during this time is to work with industry to
10 figure out more cost-effective solutions.

11 COMMISSIONER MOELLER: Okay. Well thank you, and
12 again, Mr. Chairman, thank you for allowing me to call this
13 in an effort of adding a little more transparency--

14 CHAIRMAN WELLINGHOFF: Certainly, any time--

15 COMMISSIONER MOELLER: --to our actions.

16 CHAIRMAN WELLINGHOFF: --and I appreciate you
17 doing that so we can have a little bit more discussion and
18 dialogue on it.

19 Does anyone else have any comments on A-3, or
20 questions for the panel?

21 (No response.)

22 CHAIRMAN WELLINGHOFF: Okay, then, if we can go
23 to our next discussion item. Thank you, all.

24 SECRETARY BOSE: The next item for presentation
25 and discussion is on Item E-3, a draft final rule concerning
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1 standards of business practices and communication protocols
2 for public utilities. The Docket Number for this proceeding
3 is RM05-5-020.

4 There will be a presentation by David Kathan from
5 the Office of Energy Policy and Innovation. He is
6 accompanied by Bill Lohrman from the Office of Energy Market
7 Regulation, Mindi Sauter from the Office of the General
8 Counsel, and Michael Lee from the Office of Energy Policy
9 and Innovation.

10 MR. KATHAN: Mr. Chairman, Commissioners, good
11 morning.

12 We are here to present a draft Final Rule to
13 amend the Commission's regulations to incorporate by
14 reference business practice standards developed by the North
15 American Energy Standards Board, or NAESB. These business
16 standards support the measurement and verification of demand
17 response and energy efficiency products and services in
18 organized wholesale electric markets.

19 These standards provide common definitions and
20 processes regarding both demand response and energy
21 efficiency products in the organized wholesale electric
22 markets where such products are offered.

23 The standards also require each regional
24 transmission organization and independent system operator to
25 address in its governing documents the performance
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1 evaluation methods to be used for demand response and energy
2 efficiency products.

3 The standards facilitate the ability of demand
4 response and energy efficiency providers to participate in
5 organized wholesale electric markets, thereby reducing
6 transaction costs and providing an opportunity for more
7 customers to participate in these programs--especially
8 customers that operate in more than one organized market.

9 The standards for the measurement and
10 verification of demand response products refine the NAESB
11 standards that the Commission incorporated by reference in
12 Order No. 676-F in 2010, also known as the Phase I Demand
13 Response M&V Standards.

14 In these Phase II Demand Response M&V standards
15 that the Commission is incorporating here, the following
16 changes were made to the Phase I standards:

17 First, NAESB clarifies that in the event of a
18 conflict between the Phase II standards and system operator
19 governing documents, the governing documents shall specify
20 any requirement, not the system operator.

21 Second, the revised standards now include
22 specific telemetry intervals, meter accuracy requirements,
23 meter data reporting deadlines, meter data reporting
24 intervals, and clock accuracy requirements.

25 Third, the standards applicable to the provision
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1 of capacity products now include specific advance
2 notification requirements and deadlines describing when
3 demand response reductions must be achieved.

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

7 The Final Rule concludes that these revisions to
8 the NAESB standards represent an incremental improvement to
9 the business practices for measuring and verifying demand
10 response products and services in the organized wholesale
11 electric markets.

12 The new standards for energy efficiency products
13 provide criteria that will support the measurement and
14 verification of energy efficiency products and services in
15 organized wholesale electric markets. They are intended to
16 ensure that the reduction values that are used in
17 performance reporting accurately reflect the energy
18 reduction delivered to the electrical system. These new
19 standards provide four acceptable measurement and
20 verification methodologies that energy efficiency resource
21 providers may use to participate in organized wholesale
22 electric markets.

23 They also provide criteria for determining which
24 type of baseline to use in various situations, such as the
25 installation of new energy efficient equipment and processes
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1 or the replacement of outdated equipment.

2 The standards also contain rules regarding
3 statistical methods used to accurately determine reduction
4 values, specifications for equipment used to perform
5 measurements, and data validation.

6 The Final Rule concludes that these standards
7 will reduce transaction costs and provide an opportunity and
8 increased incentive for energy efficiency resources to
9 participate in the wholesale markets established in the RTO
10 and ISO regions.

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

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

17 CHAIRMAN WELLINGHOFF: Well thank you, David, and
18 I want to thank the members of the team for their work on
19 this Final Rule.

20 I see two types of benefits to consumers that
21 will come from the implementation of this Final Rule. The
22 first you mentioned, David, reducing the transaction costs
23 of consumers that provide demand response and energy
24 efficiency resources in organized wholesale electric
25 markets.

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1 Second is that the greater accuracy in measuring
2 and verifying the energy savings for demand response and
3 energy efficiency will enable the RTOs to rely on these
4 resources as dependable and cost-effective tools in the
5 market they operate. This too should translate into lower
6 RTO market prices for consumers.

7 But the Commission will continue to monitor and
8 act where needed as these standards are implemented by the
9 RTOs.

10 And I think, Commissioner Moeller, you called
11 this one for discussion.

12 COMMISSIONER MOELLER: Well thank you,
13 Mr. Chairman. I appreciate you allowing me to call it.

14 The reason I called it is because we adopt NAESB
15 standards by reference, and again the Orders, because of
16 that, are not necessarily real transparent about what's in
17 the standard--

18 CHAIRMAN WELLINGHOFF: Right.

19 COMMISSIONER MOELLER: --because the standards
20 are copyrighted and people have to, for a very nominal fee,
21 purchase them.

22 So I appreciate the team giving the presentation,
23 elaborating what is in those standards, and the work that
24 you have to do being involved in the standard=development
25 process. I know it is very lengthy.

26

1 David, can you elaborate on the NAESB process
2 just a little bit, or Bill, in your case, in terms of what
3 is entails, and how they reach conclusions?

4 MR. LOHRMAN: Sure. NAESB uses a consensus-based
5 process that's been approved by the American National
6 Standards Institute. It's basically an open and inclusive
7 process that anyone can participate in, regardless of
8 whether or not they are a NAESB member.

9 They publicly post advance notice of the
10 meetings, their agendas, and the topics that are going to be
11 up for discussion or for a vote. When they do vote on
12 something, they use a weighted-segment voting process to
13 sure that no one segment can exert undue influence. And any
14 interested party can participate in that.

15 In the case of these two sets of standards, the
16 working groups included participants from both industry and
17 the RTOs and ISOs.

18 COMMISSIONER MOELLER: Well thank you. And
19 again, I know it took a lot of time to follow that process.
20 And again thank you for letting me call it. My intent was
21 purely to be a little more transparent on a set of standards
22 that, naturally, Orders do not reflect the details of.

23 CHAIRMAN WELLINGHOFF: No, I think that's helpful
24 and transparency is good. So thank you.

25 John, did you have anything?
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1 COMMISSIONER NORRIS: Just to echo what you said,
2 Chairman, I think demand response is playing such a more
3 critical role in our system, both from an efficiency
4 standpoint and a reliability standpoint, and consumers can
5 benefit greatly from it. So by adopting these NAESB
6 standards today, I think we're taking another step forward
7 in making demand response and energy efficiency a key player
8 in our electric system.

9 And I'm glad you pointed out that, just reading
10 the Order, which adopts them by reference, anyone in the
11 general public wouldn't realize how complex and confusing
12 this can be. So I salute NAESB and their leadership in
13 taking the lead on this process.

14 In reading through it, it kind of reminds me of
15 capacity markets where you think, can we ever get these just
16 wrapped up and done right and not have to deal with them
17 again? No. This will be a continual work in progress to
18 strive to make sure we're doing it the best we can. And I'm
19 glad we're adopting these NAESB recommendations today, built
20 through the consensus process by people who do this day in
21 and day out. It also makes me have even greater respect for
22 the operators of the RTOs who have to incorporate all these
23 complex rules to make the system work. But this is a
24 critical piece of the future, demand response and efficiency
25 and recognizing that and measuring it, and valuing it

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1 according to its value and for consumers who are paying for
2 it.

3 So I'm glad NAESB took the lead on this. I'm
4 happy that we're going to take a step forward on M&V and
5 we'll see when we have to make some adjustments down the
6 road, which I'm sure we will, but this is a good step
7 forward.

8 CHAIRMAN WELLINGHOFF: Thank you, John.

9 Cheryl, did you have anything?

10 COMMISSIONER LaFLEUR: Well, yes. I also want to
11 thank the team for all your work on demand response and
12 energy efficiency over the last several years, and all the
13 people at NAESB, including the volunteers who worked on
14 these standards.

15 When I was out at Princeton meeting with students
16 last week, a lot of them asked me: Do you work on green
17 energy and new technologies? And I said: Yes, we work on
18 the unglamorous part for every glamorous thing that's going
19 on in energy.

20 (Laughter.)

21 COMMISSIONER LaFLEUR: And this is an example.
22 It's very dry and technical, but it's important to making
23 sure that the markets work right and the benefits are
24 realized for customers.

25 I just have one, in the spirit of being
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1 unglamorous, I just have one techy question. One of the
2 things I noticed in the Order, and I remember from when I
3 went with David to some conferences last fall, one of the
4 more controversial elements with some of the energy
5 efficiency community was the decision not to incorporate
6 some of the existing international protocols for energy
7 efficiency measurement. I think I wrote it down. The
8 International Measuring Protocol. And I think that's the
9 NAESB process, a little bit of balancing these different
10 things to reach consensus.

11 Could you explain a little bit about that issue,
12 and why the team recommends approving the standard as
13 filed?

14 MR. LEE: The International Performance
15 Measurement and Verification Protocol is a registered
16 trademark of EVO, the Efficiency Valuation Organization.
17 EVO oversees measurement and verification protocols for, to
18 sure resources are used more efficiently, including energy.

19 NAESB states the intended effect of deleting
20 references to IPMVP are two-fold. One is to ensure internal
21 consistency between NAESB's retail and wholesale set of
22 standards. NAESB also states this will eliminate potential
23 issues that might occur if its business standards refer to
24 an external standard outside of its control.

25 NAESB's Wholesale Electric Quadrant, the
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1 executive committee, approved the deletion by an
2 overwhelming majority of 35 votes in favor 1 opposed, using
3 NAESB's established processes.

4 As the Draft Order notes, if stakeholders
5 continue to have concerns regarding this issue, they may
6 raise them through RTO and ISO, or NAESB processes.

7 COMMISSIONER LaFLEUR: Well thank you very much.
8 I think as Phil pointed out, there's a lot behind the scenes
9 on this that's a lot of decisions underneath that aren't
10 reflected in the Order, but I mean I do support the Order as
11 drafted. I think it's definitely a step forward.

12 I know just about enough about this to be
13 dangerous. The entire lexicon has changed since I worked on
14 it, but I know that if you don't evaluate and verify you
15 can't be sure that customers are getting what they're
16 supposed to.

17 So thank you.

18 CHAIRMAN WELLINGHOFF: Thank you. Thank you,
19 Cheryl.

20 Tony?

21 COMMISSIONER CLARK: I, too, want to thank the
22 team for their work and am very supportive of the Order.
23 M&V and EM&V, I would be remiss if I didn't add, not only is
24 it important in the wholesale market, but increasingly it's
25 important in the retail rate jurisdictions as well because
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1 so many of these issues fall squarely within that retail
2 side of the equation.

3 I think I have a bit of a techy question--maybe
4 not quite as techy as you, Commissioner LaFleur--

5 (Laughter.)

6 COMMISSIONER CLARK: --so I'll lead into it just
7 a little bit with a little bit of explanation, and then I'll
8 tee it up for the team.

9 Focusing on energy efficiency for a moment,
10 putting aside demand response, I would like to explore how
11 the M&V standards that we have adopted account for load
12 variability. And it really could be load variability up or
13 down over what the expected baseline is.

14 Unlike traditional generation, or even a lot of
15 demand response resources, energy efficiency is not one that
16 is dispatchable. That is, it doesn't respond to price
17 signals or demand in the marketplace. Which would seem to
18 offer us a bit of a unique challenge when EE is committed
19 into a forward-capacity market, the RTO or ISO is expecting
20 a certain baseline reduction, a certain baseline reduction
21 over forecasted peak load.

22 However, if the consumer's actual usage in a
23 year, whether up or down, is different from that in a
24 delivery year, if it deviates from the static forecasted
25 baseline, then the expected short-term benefit reducing peak
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1 demand in that delivery year could ultimately change in one
2 way or another.

3 So carrying it out to an example, if a consumer
4 installs an EE product--maybe it's one that they might have
5 installed anyway, or out of just enlightened self-interest,
6 or they received some retail rate rebate, something like
7 that, some sort of incentive outside of the capacity market--
8 -and then chooses to invest those savings into for example
9 the business, so invest those revenues back into the
10 business in order to increase production, or maybe they're
11 in a business line that's sort of going out of style, they
12 don't know it yet and they're actually going to be using
13 less energy in the future not related to their energy
14 efficiency product, I can envision scenarios where load for
15 that particular customer actually deviates from the
16 expectation.

17 How do these M&V standards that we're adopting
18 today, or have been adopted in the past, address this
19 particular issue of load variability?

20 Or put another way, are there M&V tools that
21 exist that can help organized markets account for all of
22 these millions of individual business decisions that
23 individuals or businesses in a dynamic way make in response
24 to their current situations? Or are we left with a more
25 reactive sort of mode where changes in actual net energy
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1 consumption can only be accounted for after the fact by
2 adjusting future forecasted baselines?

3 COMMISSIONER LaFLEUR: I would just like to say I
4 think that's more techy than mine.

5 (Laughter.)

6 MR. KATHAN: You are correct that, at its very
7 nature, a load can be very uncertain and variable. And the
8 purpose of Measurement and Verification is to accurately
9 measure demand reductions while taking into consideration
10 that uncertainty into consideration.

11 The NAESB standards include requirements for
12 post-installation performance and M&V reports to document
13 the verified energy efficiency reductions, and to ensure
14 peak reduction values in performance reporting so that
15 they'll be accurate.

16 These M&V reporting obligations are designed to
17 capture the changes that will be happening in the facility
18 associated with the installed measures. Therefore, the
19 NAESB M&V standards for energy efficiency address the
20 effects you describe.

21 However, the broader set of changes in
22 electricity consumption that you suggest that are not
23 directly connected to the installed energy efficiency
24 measure are outside the scope of the NAESB M&V standards.

25 COMMISSIONER CLARK: Great. Thank you.

26

1 CHAIRMAN WELLINGHOFF: Anything else,
2 Commissioner Clark?

3 COMMISSIONER CLARK: No.

4 CHAIRMAN WELLINGHOFF: Okay, great.

5 All right, Madam Secretary, I think we're ready
6 to vote on E-3.

7 SECRETARY BOSE: The vote begins with
8 Commissioner Clark.

9 COMMISSIONER CLARK: Vote yes.

10 SECRETARY BOSE: Commissioner LaFleur.

11 COMMISSIONER LaFLEUR: I vote aye.

12 SECRETARY BOSE: Commissioner Norris.

13 COMMISSIONER NORRIS: Aye.

14 SECRETARY BOSE: Commissioner Moeller.

15 COMMISSIONER MOELLER: Aye.

16 SECRETARY BOSE: Chairman Wellinghoff.

17 CHAIRMAN WELLINGHOFF: Aye.

18 If there's nothing further to come before us,
19 thank you all. We are adjourned.

20 (Whereupon, at 10:33 a.m., Thursday, February 21,
21 2013, the 991st meeting of the Federal Energy Regulatory
22 Commissioners was adjourned.)

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