



N A R U C  
National Association of Regulatory Utility Commissioners

September 14, 2007

Rae McQuade  
President  
North American Energy Standards Board  
1301 Fannin, Suite 2350  
Houston, Texas 77002

Re: NAESB request for comments on applicability of M&V list of topics to wholesale vs. retail markets for demand response and/or energy efficiency programs.

Dear Ms. McQuade:

NARUC appreciates the efforts NAESB is undertaking to develop recommended Monitoring and Verification (“M&V”) standards for demand response and energy efficiency programs in wholesale electricity markets.

At the retail level, however, developing model business practices (“MBP”) is a much more complex task that involves consideration of a wide range of, and potentially different, State policy objectives. NARUC has not yet had an opportunity internally to discuss how it would like to see NAESB move forward with developing MBP for retail energy efficiency and demand response programs, and as such, we do not have specific comments regarding the applicability of the list of M&V topics on which you are seeking comments by Sept 14.

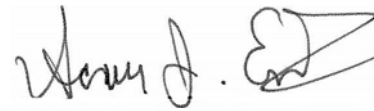
However, we ask that NAESB not interpret NARUC’s absence of comments as indicative that it supports NAESB’s development of MBPs for retail energy efficiency and demand response programs. Rather, we hope to discuss this with you and NARUC membership in November at NARUC’s annual convention, at which time NARUC members can better understand the purpose and implications of developing retail standards and the potential implications of these standards on State-specific policy goals, and communicate its preferred course of action with NAESB.

We understand that NAESB is moving forward with this project rapidly. At this time, we request that NAESB focus on developing recommended standards for demand response and energy efficiency in the wholesale markets, and hold off on further addressing MBP

for retail energy efficiency and demand response programs until NAESB has met and discussed this issue sufficiently with the NARUC membership and heard from them as to how best to proceed. For example, it may be better to work toward retail standards on a regional basis with States that have an interest in such standards development rather than attempting to develop national retail standards at this time.

In order to facilitate such a discussion I invite you and others to attend a Sunday afternoon session at the upcoming NARUC Annual Convention and meet with representatives of the Staff Subcommittee on Electricity to discuss this important topic. I look forward to seeing you there. Thank you for consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Sam J. Ervin, IV". The signature is stylized and includes a large, sweeping flourish at the end.

Sam J. Ervin, IV  
Chair  
NARUC Electricity  
Committee