

September 25, 2009

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

Dear Ms. McQuade:

I am writing on behalf of the CEE Evaluation Committee and the undersigned CEE members to comment on the wording of the proposed scope for NAESB 2009 Annual Plan Item 4(g), "Develop business practice standards for measurement and verification of energy reductions from energy efficiency." CEE is a consortium of efficiency program administrators from across the U.S. and Canada who work together on common approaches to advancing efficiency. CEE's 118 members administer ratepayer-funded energy efficiency programs in 37 states and 7 Canadian provinces. The CEE Evaluation Committee is composed of experienced energy efficiency program evaluation staff from across the CEE membership.

We find the current wording of item 4(g) unclear from the perspective of administrators of "retail" energy efficiency programs. The current scope wording has made it impractical for the organizations participating in CEE's Evaluation Committee to determine the importance of attending to the work of the WEQ/REQ DSM-EE Subcommittee. Below we provide some further insight and suggestions related to this for NAESB's consideration.

Observations

The ambiguity we note hinges on the differing use and interpretation of certain key terms in the retail versus wholesale contexts: "project," "program," "product," and "M&V." This has profound implications for the interpretation of the proposed scope for NAESB 2009 Annual Plan Item 4(g) as it is currently worded.

The National Action Plan for Energy Efficiency's [*Model Energy Efficiency Program Impact Evaluation Guide*](#) provides definitions for these and other key terms in the retail context. The definitions below, which are from this guide, are very similar to other commonly accepted definitions related to the evaluation, measurement and verification of energy efficiency programs

and projects in the retail context, such as those found in the [California Energy Efficiency Evaluation Protocols](#). For example, the *Model Energy Efficiency Program Impact Evaluation Guide* served as a primary source for the terms and definitions found in the glossary recently developed by the Regional EM&V Forum in support of regional EM&V activity in the Northeast and Mid-Atlantic states.

Program: A group of projects, with similar characteristics and installed in similar applications. Examples could include a utility program to install energy-efficient lighting in commercial buildings, a developer's program to build a subdivision of homes that have photovoltaic systems, or a state residential energy efficiency code program.

Project: An activity or course of action involving one or multiple energy efficiency measures, at a single facility or site.

Measurement and verification (M&V): Data collection, monitoring, and analysis associated with the calculation of gross energy and demand savings from individual sites or projects. M&V can be a subset of program impact evaluation. (*Model Energy Efficiency Program Impact Evaluation Guide*, Appendix B, pp. B-3 & B-4.)

Based on conversations at meetings of the NAESB WEQ/REQ DSM-EE Subcommittee and DSM-EE group that CEE staff have monitored, it appears that those approaching the effort from the wholesale context use the terms "programs" (and sometimes "products") to refer to what retail energy efficiency program administrators consider to be "projects" per the definition above. From the perspective of retail energy efficiency program administrators, it is possible to develop M&V standards for individual sites or projects, or evaluation standards for energy efficiency programs, but not to "develop business practice standards used to measure and verify reductions in energy and demand from energy efficiency in wholesale and retail markets," as 4(g) is currently worded, since it is unclear whether "energy efficiency in wholesale and retail markets" refers to energy efficiency programs or to individual sites or projects.

Comments

The CEE Evaluation Committee has been under the impression that after developing standards and model business practices for M&V of demand response, NAESB intended to pursue a scope on the wholesale side of developing standards for M&V of energy efficiency "products" and on the retail side of developing model business practices for M&V of individual sites or projects. The current ambiguous wording of 4(g) leaves open the possibility that NAESB's intention includes the much broader scope of developing model business practices that will address all of program evaluation for retail energy efficiency programs. This would represent a return to the original scope of work that NAESB considered in 2007. As I commented in my letter to you of May 7, 2007, this would be an extremely broad scope of work that encompasses many different aspects of energy efficiency program evaluation, each with its own purpose and separate set of issues. Undertaking even a fraction of this scope of work would entail enormous effort and time and require considerable energy efficiency program evaluation expertise from participants.

We recommend that whatever work NAESB undertakes on the retail side under the scope of 4(g) be grounded in the guidance offered in key documents related to EM&V that are commonly used by

administrators of ratepayer-funded energy efficiency programs. These include the [International Performance Measurement and Verification Protocol \(IPMVP\)](#), [ASHRAE](#) publications, the National Action Plan for Energy Efficiency's *Model Energy Efficiency Program Impact Evaluation Guide*, and the M&V Protocol of the *California Energy Efficiency Evaluation Protocols*. Any retail model business practices for M&V of individual sites or projects that might be developed by NAESB would need to reflect the variations in M&V by project type and other factors.

We also recommend that NAESB replace the definition of "energy efficiency in retail markets" in the footnote of the 4(g) scope of work with the definitions of retail "program," "project" and "M&V" from the National Action Plan for Energy Efficiency's *Model Energy Efficiency Program Impact Evaluation Guide*, and reword the scope so that it is clearer for those working in retail energy efficiency. In addition, a glossary should be developed in support of 4(g) that draws on definitions for the retail side from commonly accepted retail resources such as those above. Given some of the differences in meaning of key terms between the retail and wholesale sides, one glossary may not suffice for both retail model business practices and wholesale standards.

Example of Clarifications to 4(g) Language

Below we offer an example of how the wording of 4(g) could be clarified using the definitions from the National Action Plan. The example assumes that NAESB's intention is to develop wholesale standards for energy efficiency "products" and retail model business practices for M&V of individual sites or projects. In offering this example, we do not mean to imply an endorsement of a particular scope for 4(g).

Using the definitions from the *Model Energy Efficiency Program Impact Evaluation Guide*, the wording of 4(g) could be clarified by replacing the phrase "energy efficiency in wholesale and retail markets" with the phrase "retail energy efficiency projects and wholesale energy efficiency products." The sentence labeled (g) would thus read "Develop business practice standards used to measure and verify reductions in energy and demand from retail energy efficiency projects and wholesale energy efficiency products."

The paragraph directly above (g) also needs clarification. An example of wording that would better communicate what we assume to be NAESB's intention is: "Review and develop needed model business practices for a standardized method for quantifying benefits, savings, cost avoidance and/or the reduction in energy demand and usage derived from the implementation of retail demand side management and energy efficiency projects and wholesale demand side management and energy efficiency products. This effort will include demand side response and metering, including the 'curtailment service provider' wholesale program." (The phrase "energy efficiency programs" has been deleted from the last sentence. The underlining is included only to make the modifications in this example clear.)

CEE continues to follow NAESB's work on this topic with interest and keep our members apprised of opportunities to participate.

Sincerely,



Marc G. Hoffman, Executive Director
Consortium for Energy Efficiency

Undersigned Member Organizations

AmerenUE
Cape Light Compact
Connecticut Light & Power
Efficiency Vermont
Hydro Québec
Idaho Power Company
National Grid
Northeast Energy Efficiency Partnerships
Northern California Power Agency
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Vermont Department of Public Service
We Energies
Western Massachusetts Electric Company
Wisconsin Focus on Energy

cc: Co-Chairs of the NAESB WEQ/REQ DSM-EE Subcommittee:
Neal H. Allen, Southern Company
Eric Winker, ISO-New England
Co-chairs of the CEE Evaluation Committee:
Rafael Friedmann, PG&E
Monica Nevius, Consortium for Energy Efficiency
Carol White, National Grid