



October 22, 2008

DSM-EE Subcommittee
North American Energy Standards Board
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Re: October 3, 2008 Draft NAESB WEQ Business Practice Standards for DR

Dear Sub-committee,

Efficiency Valuation Organization appreciates the opportunity to contribute to the development of NAESB's proposed Model Business Practice for Wholesale Electricity Demand Response. EVO maintains the International Performance Measurement & Verification Protocol (IPMVP) as the widely referenced guide for the energy efficiency community on the methods of M&V. (IPMVP is freely available as a Product at www.evo-world.org.) We offer four general observations about the draft, from relevant IPMVP text.

1. We appreciate that NAESB's guidance must connect energy industry subcultures which use slightly different vocabularies. We suggest the addition of the table below, showing DR community words alongside equivalent IPMVP terms:

NAESB WEQ	IPMVP
Baseline Window	Baseline Period
Performance Window	Reporting Period
Performance Evaluation Type	Option
Baseline	Adjusted Baseline
Baseline Adjustment	Routine Adjustment
Demand Reduction Value	Avoided Energy Use or Demand
Event day adjustments	Non-routine adjustments

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This kind of documentation of the correlations between terminology from different parts of the community should be helpful as NAESB's efforts extend to other quadrants. Also EVO intends to highlight NAESB's DR guidance in our future publications for energy efficiency M&V professionals, many of whom are also DR M&V professionals. In addition, we trust that NAESB's upcoming energy efficiency related guidance will use IPMVP terminology, so the translation of terms should be reflected in this DR document.

2. The draft makes only indirect reference to the computations needed with the data items to be collected. Figure 2 and the definition of Baseline at the bottom of page 12 are as close as the draft comes to declaring the actual calculation procedure. We suggest you add an Energy Savings Equation, since it is fundamental to defining how to actually figure out the Demand Reduction Value. IPMVP's equation #1b (Vol 1, Page 18) is an example. That IPMVP equation is restated below using NAESB WEQ equivalent terms to report reductions, under conditions prevailing during the performance window:

$$\text{Demand Reduction Value} = \text{Baseline} - \text{Performance Window data} \\ \text{+/- Event Day Adjustments}$$

The equation shows the role of each key element. IPMVP demonstrates the presentation of terms and the development of such equations, in Volume 1, Chapter 4.

3. The draft's page 12 definition of Baseline refers to Baseline models, without any description of such models or their roles. You might say, using your other defined terms, "A Baseline Model is the simple or complex mathematical relationship found to exist between Baseline Window demand readings and Independent Variables. A Baseline Model is used to derive the Baseline Adjustments which are part of the Baseline, which in turn is used to compute the Demand Reduction Value [see our comment 2, above]. IPMVP Vol 1, 2007, Appendix B-2 elaborates on the techniques and challenges in baseline modeling."

These terms then require definition of the term *Independent Variable*. We suggest, from IPMVP, that Independent Variable be defined as "A parameter that is expected to change regularly and have a measurable impact on demand."

4. The draft offers no direction that an M&V Plan should be prepared, before implementation of DR products. Energy efficiency experience has shown the value of preparing an M&V Plan before implementation of a project. Such approach eliminates methodological arguments that may otherwise arise if the report reader's first view of the method comes from the first Performance Window report. We recommend that NAESB guidance include the preparation of an M&V Plan, containing the various items specified, before program or project initiation (see also IPMVP Vol 1, Chapter 5).

I would be happy to elaborate on any of these suggestions, if you wish.

Sincerely,



John Cowan P.Eng.
Chair