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July 10, 2012

References:

- A. NAESB Retail Electric Quadrant (REQ) Request for Formal Comments – Due July 10, 2012, dated June 11, 2012.
- B. International Organization for Standardization (ISO) Guide 2, Eighth edition 2004, Standardization and related activities — General vocabulary, Clause 1.5.
- C. FEMP M&V Guidelines: Measurement and Verification for Federal Energy Projects Version 3.0.
- D. Joint WEQ/REQ Demand Side Management/Energy Efficiency Subcommittee Conference Call – Draft Minutes – May 30, 2012 dated June 27, 2012.
- E. REQ Measurement and Verification of Energy Efficiency Programs Model Business Practices Recommendation - dsme053012w2.
- F. Comments on NAESB Retail Electric Quadrant Business Practice Standards for Measurement and Verification of Energy Efficiency Programs (Version 030712a2) dated 16 April 2012.
- G. Notes from DSM-EE retail energy efficiency work group – April 19, 2012, dated April 23 2012.
- H. REQ Measurement and Verification of Energy Efficiency Programs Model Business Practices Recommendation - dsme053012w4.
- I. NAESB WEQ/REQ DSM/EE Subcommittee Meeting – May 30, 2012, dated May 16, 2012.
- J. REQ Measurement and Verification of Energy Efficiency Programs Model Business Practices Recommendation, dated May 22, 2012- dsme053012w3.
- K. Email to tormcquade@naesb.org, titled “EVO Comments: Request for help” dated 27 June 2012 15:51:00.
- L. Email to tormcquade@naesb.org, titled “Thank you” dated 29 June 2012 10:02:20

Dear Rae

MEASUREMENT AND VERIFICATION OF ENERGY EFFICIENCY PROGRAMS MODEL BUSINESS PRACTICES (MBP)

This letter is in response to the call for public comment issued under cover of Reference A. These comments have been endorsed by the Alliance to Save Energy and the Northeast Energy Efficiency Partnerships.

CONTEXT

When issuing Order No. 676-F, the Federal Energy Regulatory Commission (FERC), said that “[w]hile NAESB’s Phase I [Demand Response] M&V Standards represent a good first step,



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additional substantive standards would appear beneficial in creating transparent and consistent measurement and verification of demand response products and services in wholesale electric markets.” We have seen nothing to indicate that FERC have changed their desire for consistency.

At Reference B, the International Organization for Standardization (ISO) defines an “acknowledged rule of technology” as a “technical provision acknowledged by a majority of representative experts as reflecting the state of the art” and adds “NOTE A normative document on a technical subject, if prepared with the cooperation of concerned interests by consultation and consensus procedures, is presumed to constitute an acknowledged rule of technology at the time of its approval.” The IPMVP is prepared as described by the note to the ISO definition, and is issued as a standard by EVO. It has been in continuous publication for over 15 years; is used in over 26 countries; is available in 14 languages; and over 200 training courses on how to use and implement it have been held in the last three years, again all over the world. IPMVP remains a core component of the current FEMP M&V Guidelines (Reference C). In our view, as supported by many other people, IPMVP is certainly an “acknowledged rule of technology” and as such offers one of the best referential frameworks against which to achieve consistency in measurement and verification.

The use of the IPMVP as a referential framework is well exemplified by this extract from Reference C:

“1.2.1 IPMVP

The IPMVP 2007 is a guidance document that provides a conceptual framework in measuring, computing, and reporting savings achieved by energy or water efficiency projects at facilities. The IPMVP defines key terms and outlines issues that must be considered in developing an M&V Plan, but does not provide details for specific measures or technologies. The latest version is an update of the 2002 edition.

Developed through a collaborative effort involving industry, government, financial, and other organizations, the IPMVP serves as the framework for M&V procedures, provides four M&V options, and addresses issues related to the use of M&V in third-party-financed and utility projects.

The FEMP M&V Guideline contains specific procedures for applying concepts originating in the IPMVP. The Guideline represents a specific application of the IPMVP for federal projects. It outlines procedures for determining M&V approaches, evaluating M&V plans and reports, and establishing the basis of payment for energy savings during the contract. These procedures are intended to be fully compatible and consistent with the IPMVP.”

OUR CONCERNS

Right up to a meeting of the NAESB WEQ/REQ Demand Side Management/Energy Efficiency Subcommittee held in the form of a conference call on May 30 (Reference D), we believed that FERC’s aim of achieving consistency was being achieved. In other words, we felt that Reference E was a good position at which to have arrived. There had been some substantive discussion about how NAESB wished to provide specific guidance within the conceptual framework provided by the IPMVP, but nothing that could not – in our view – be dealt with in exactly the same way as had been dealt with by the FEMP in their M&V Guidelines.



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For example in April 2012 the Alliance to Save Energy, the Department of Energy, the Northeast Energy Efficiency Partnerships and ourselves had submitted a jointly agreed note (Reference F) aimed at helping NAESB align the MBP with standard practices within the energy efficiency evaluation, measurement and verification industry. At the April 19 meeting, a useful discussion had been held regarding these comments as a result of which it had been agreed “to let the issue be handled by a separate request, essentially creating a Phase 2 for the M&V Standards.” Therefore, we were anticipating further engagement in Phase 2 as documented in Reference G.

However, at the May 30 meeting Reference H was presented. In this version of the MBP all reference to IPMVP had been removed. This was a surprise. The Agenda for the May 30 meeting (Reference I) had not mentioned that a new version of the MBP was to be presented and the explanation for the changes had not been drafted until May 22, 2012. There had been no prior discussion of these changes or input from the working group.

We believe that such removal diminishes the value of the MBP and works against the consistent measurement and verification of energy efficiency improvement programs. As it currently stands, the MBP provides no referential framework for its audience. Indeed continued use of the concept of "Options" – a concept that has been firmly related to the IPMVP since it was first published by the Department of Energy in 1996 – without a referential framework may well create confusion.

It might be easy for people reading comments to accuse us of self-interest. To do so would be wrong. We have no interest other than helping people and organizations to make evidence-based, rational decisions on the use of energy. We are not a commercial organization, but a non-profit public charity with an excellent provenance and track record (formed from an initiative of the Department of Energy in the 1980s). Many organizations tell us that IPMVP is the referential framework within which they operate their measurement and verification programs, and it is for this reason that we believe that the decision to remove reference to this framework should be reviewed by the NAESB WEQ/REQ Demand Side Management/Energy Efficiency Subcommittee.

ADDITIONAL INFORMATION

It is likely that the NAESB WEQ/REQ Demand Side Management/Energy Efficiency Subcommittee will want to know why we did not make our views known more forcibly at the May 30 meeting. We would like to take this opportunity to explain.

Reference D indicates that there was a unanimous vote in favour of the revised MBP. Our understanding is that in fact some members of the subcommittee abstained, including those from EVO who had been retained by the Department of Energy to participate in and inform the NAESB effort to develop MBPs related to measurement and verification. The reason for the abstention was that these members felt unable to take any other course of action because the reasons put forward for the changes seemed to them to be procedural: in other words that they were necessary in order to comply with NAESB Policy and Procedures. For example, it had been purported that the NAESB Policy and Procedures disallowed the referencing of organizations that are not part of one of the ANSI accreditation programs, and disallowed the referencing of external standards.



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Subsequent investigation indicates that it is unclear whether this is in fact the case or not. We have reviewed the NAESB websites and can find no documentation to indicate that any of the reasons cited in References H, I or J are either NAESB Policy or form part of NAESB Procedures. At Reference K, we emailed NAESB and asked some specific questions in order to find out. NAESB followed up with a telephone conference but then declined to respond in writing despite our follow-up request at Reference L.

In the absence of a response from NAESB we can do no more than to make some statements that we believe to be true. These are:

- (a) It is permissible to make reference to other standards and documents within the body of a NAESB model business standard. (For example, as at REQ.19.3.7.2, REQ.19.3.7.5, and at REQ.19.3.7.6. (We say this having taken account of the comments on REQ.19.3.7.6 contained in Reference G.))
- (b) We perfectly understand the desire of the NAESB Board to have uniformity between MBPs. However, as our comments above indicate, we believe that “such removal [of reference to IPMVP] diminishes the value of the MBP and works against the consistent measurement and verification of energy efficiency improvement programs”. Therefore the preferred course of action would be to retain such references in both the REQ and WEQ MBPs related to measurement and verification.
- (b) IPMVP is a standard, it is version controlled, and it is perfectly possible to use it as a static reference. It is not a "moving" document and therefore would meet the "level of specificity" referred to by Reference G.
- (c) IPMVP is a registered trademark as is NAESB and many other names related to standards or to certification. However, this fact has no bearing whatsoever on the ability to cite the IPMVP or any other document that contains a trademark.

RECOMMENDATIONS

We recommend that:

- (a) Reference to the IPMVP is restored in the REQ “Model Business Practices for the Measurement & Verification (“M&V”) of Energy Efficiency programs”.
- (b) EVO continue their previous dialogue with NAESB (in other words as prior May 30) to agree how IPMVP can continue to be used as the framework for M&V procedures, recognizing that differences in the descriptions of Options A-D exist that either need to be aligned or made transparent, whilst also respecting the requirement of NAESB to provide REQ specific M&V procedures.

A handwritten signature in blue ink that reads 'Graham Wooding'. The signature is written in a cursive style and is underlined with a single horizontal line.

Graham Wooding
Executive Director
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