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January 14, 2011

North American Energy Standard Board  
Attn: Wholesale Electric Quadrant Executive Committee  
801 Travis, Suite 1675  
Houston, TX 77002

**Re: 2010 WEQ Annual Plan Items 4(a) and 4(b):** Review and Develop  
Business Practice Standards to Support DR and DSM-EE Programs (DR Phase 2)

Dear WEQ Executive Committee Members:

Attached please find Energy Curtailment Specialists, Inc. (ECS) comments pertaining to the 2010 WEQ Annual Plan Items 4(a) and 4 (b), Review and Develop Business Practice Standards to Support DR and DSM-EE Programs (DR Phase 2). Should you have any questions, please do not hesitate to contact me directly. ECS thanks NAESB for the opportunity to submit these comments.

Warm Regards,

A handwritten signature in black ink that reads "B. Marie Pieniazek". The signature is written in a cursive style.

B. Marie Pieniazek  
Authorized Agent for  
Energy Curtailment Specialists, Inc.

Enclosure



January 14, 2011

North American Energy Standard Board  
Attn: Wholesale Electric Quadrant Executive Committee  
801 Travis, Suite 1675  
Houston, TX 77002

**Re: 2010 WEQ Annual Plan Items 4(a) and 4(b):** Review and Develop  
Business Practice Standards to Support DR and DSM-EE Programs (DR Phase 2)

Pursuant to the Request for Formal Comments, issued on December 8, 2010, Energy Curtailment Specialists, Inc. (“ECS”) respectfully submits the following comments for the 2010 WEQ Annual Plan Items 4(a) and 4(b), Review and Develop Business Practice Standards to Support DR and DSM-EE Programs (DR Phase 2).

## **I. Introduction**

On December 8, 2010 the NAESB Wholesale Electric Quadrant (WEQ) issued a request for formal comments on the NAESB Wholesale Electric Demand Response Phase Two Business Practices Standards. The 2010 NAESB WEQ Annual Plan directed NAESB to review the NAESB Business Practices for Measurement and Verification of Wholesale Electricity Demand Response (WEQ-15) in conjunction with the IRC developed Demand Response Matrix to identify business practice requirements that *could* be improved or made clearer through addition of specific technical detail.

ECS’ comments will focus on, and address, the 2010 WEQ Annual Plan item 4(a), Review the NAESB Business Practices for Measurement and Verification of Wholesale Demand Response.

## **II. Overview of Energy Curtailment Specialists, Inc.**

ECS is one of the nation’s largest privately held full service demand response and energy management companies, and a leading demand response provider for commercial, industrial, and institutional customers. ECS is a market participant in several RTO/ISO markets and has additionally signed direct demand response contracts with several utilities.

### III. Comments

ECS would like to first commend the DSM-EE Subcommittee for their vigorous work and further development of technical standards and recommendations. ECS participated in the DSM-EE Subcommittee, on a regular basis, assisting the Subcommittee in further development of technical details and recommendations, for the NAESB Business Practices for Measurement and Verification of Wholesale Electricity Demand Response Phase 2 efforts, through the utilization of the IRC Demand Response Matrix. The IRC Demand Response Matrix was used to identify demand response standards where additional technical details could be added for clarity, and improvement of the standard.

ECS agrees with the DSM-EE Subcommittee's Applicability of Measurement and Verification Standards, which states that "The standards establish Demand Response M&V criteria. They do not establish requirements related to the compensation, design, operation, or use of Demand Response services".<sup>1</sup> As ECS has expressed in their past comments, with regards to Phase 2 further development of technical standards, ISO/RTO governance structures are critical components in the development of market rules pertaining to demand response program design.

ISO/RTO's governance structures provide market participants with opportunities to participate in stakeholder meetings where issues regarding operation, implementation, and future demand response program designs are debated and voted on by all stakeholders within the ISO/RTO governance structure. ECS believes that ISO/RTO governance structures are a critical component in the underpinning of the wholesale markets. Side stepping this critical component of the market would call into question the need for governance structures in wholesale markets should issues such as compensation, program design, or operations associated with demand response services be developed outside an ISO/RTO's governance structure.

As FERC indicated in Docket No. RM05-5-017; Order No. 676-F, participation by several sectors of the market, including ISO/RTO's, demand response

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<sup>1</sup> Business Practices for Measurement and Verification of Wholesale Electricity Demand Response, Recommendation to the NAESB WEQ Executive Committee, page #3

providers, trade organizations, and utilities, in the NAESB Phase 2 M&V Standards process will create an environment which is beneficial in creating transparent and consistent standards for the measurement and verification of demand response resources offered into wholesale electricity markets.

ECS believes that the Phase 2 Subcommittee working group encompassed a broad participation during working group meetings that were designed to propose, review, and fully vet proposed changes, including further technical detail for the Phase 2 Demand Response Wholesale Standards. During the Phase 2 development a broader group of participants, including several sectors of the wholesale market, assisted with valuable input and proposed changes to the Phase 1 standards.

While the Phase 1 Wholesale Demand Response Standards were largely developed through ISO/RTO participants, Phase 2 pursued additional input from several demand response providers throughout the development process. ECS believes, as stated in our previous comments, that the Phase II Wholesale Demand Response Standards should be an industry driven consensus process because the entire industry must conduct business under the current Phase I NAESB Wholesale Demand Response Standards and any further developed technical detail standards during the Phase 2 process.

#### **IV. Support for Phase 2 Wholesale Demand Response Changes**

ECS supports the proposed Phase II Wholesale Demand Response Standards as we believe they endeavor to establish business practice standards that facilitate the ability of demand response providers to participate in electricity markets and provide an opportunity for *more* customers to participate in demand response programs. As FERC has stated, these standards should reflect the widest possible support.<sup>2</sup>

The DSM-EE Subcommittee working group sought out and incorporated several sectors of participants, including additional demand response providers, during the Phase 2 development process. Proposed changes to the Phase 1 standards were brought forward by several members of the Subcommittee working group, fully vetted, debated, and discussed before changes were adopted through a consensus process within the group.

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<sup>2</sup> FERC Docket No. RM05-5-017; Order No. 676-F, #56, page 30

Additionally, several working group members dedicated numerous time and resources to the development of more technical standards in Phase 2.

For all the reasons stated above ECS believes that the DSM-EE Subcommittee clearly accomplished their goal of reviewing, developing, and adding additional technical details to the Phase 1 Wholesale Demand Response Standards, while incorporating several working group members proposed changes.

## **V. Conclusion**

In conclusion, ECS would like to thank NAESB for allowing us the opportunity to submit our comments, and support for, the Recommendations to the 2010 WEQ Annual Plan Items 4(a) and 4(b), Review and Develop Business Practice Standards to Support DR and DSM-EE Programs (DR Phase 2). The Phase 2 development has set forth additional technical details, where feasible, that will continue to support Demand Response programs throughout the wholesale markets.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "B Marie Pieniazek".

Marie Pieniazek  
Authorized Agent for  
Energy Curtailment Specialists, Inc.