

ELCON ACTION MEMO

Date: December 5, 2008

Respond By: Wednesday, December 10, During Technical Committee Conference Call

To: Member Representatives & Technical Committee

From: John Hughes, Email: jhughes@elcon.org

Subject: Demand Response

Attachment: 2008 WEQ Annual Plan Item 5(a) Recommendation - Business Practices for a Framework for Measurement and Verification of Wholesale Electricity Demand Response, Dated December 4, 2008.

The North American Energy Standards Board (NAESB) has announced a formal industry comment period on a proposed standard "Framework for Measurement and Verification of Wholesale Electricity Demand Response." A NAESB subcommittee on demand-side management and energy efficiency (DSM-EE) voted on Tuesday of this week to recommend the standard to NAESB's Executive Committee (Wholesale Electric Quadrant or WEQ). This begins the formal clearance process at NAESB. The 30-day comment period begins today and comments are due on or before January 5, 2009. The NAESB request is pasted below at the end of this email message and the recommended standard is attached. It is also Attachments 8 and 9 of the Technical Committee Conference Call agenda package that was sent out yesterday (December 4).

ELCON has already submitted comments to NAESB on the draft standards in response to the subcommittee's informal comment period posting. The subcommittee responded affirmatively to some of our concerns but not all. Those of you that participated by phone during Tuesday's meeting witnessed some rather intense "pride of authorship" by members of the subcommittee who drafted the standard. Even on concerns that were shared by the subcommittee, there was reluctance to clarify the language in the document because they believe the document already addressed the concern. The good news is that a different group of people (the WEQ) will decide future changes to the document.

NAESB will attempt to schedule a two meetings in January 2009 to deal with the draft standard. The first meeting is a "review session" that will address industry comments and concerns. The second meeting (via conference call) will vote on the standard.

Before the December 10 Technical Committee conference call, I will prepare a side-by-side document of ELCON's initial comments (submitted in October), a description of the subcommittee's response, and a proposed response to be submitted as part of our comments to be submitted on January 5, 2009. I will also include other items that may have been addressed by other parties that are germane to your interests.

Some of the "politics" that is going on at NAESB are attempts by some utilities (e.g., Entergy) that operate outside ISOs and RTOs (the NAESB draft standard applies only to demand response programs of ISOs and RTOs) to prevent the standard from being forced on them. There is a separate subcommittee at NAESB that is chartered to develop a comparable standard for non-ISO/RTO utilities and utilities such as Entergy have so far

decided to stay out of that process.

Action Requested: Please prepare to discuss this matter during the Technical Committee conference call scheduled for 1:30 PM Eastern time on December 10. If you have any questions regarding the NAESB standard or the NAESB process, please contact me at jhughes@elcon.org

TO: NAESB Wholesale Electric Quadrant (WEQ) Members and Interested Industry Participants

FROM: Denise Rager, Meeting and Membership Administrator

RE: Request for Formal Comments on WEQ Recommendation

DATE: December 4, 2008

Dear NAESB WEQ Members and Interested Industry Participants,

An industry formal comment period begins today, December 4, 2008 and ends on January 5, 2009 for one Wholesale Electric Quadrant recommendation:

2008 WEQ Annual Plan Item 5(a) Recommendation: Business Practices for a Framework for Measurement and Verification of Wholesale Electricity Demand Response. The recommendation is posted on the NAESB web site at http://www.naesb.org/pdf4/weq_2008_api_5a_rec.doc .

All interested parties, regardless of membership status within NAESB are eligible to submit comments for consideration. The Wholesale Electric Quadrant Executive Committee will review the recommendations and consider them for vote during an upcoming Executive Committee meeting. The Executive Committee will review all submitted comments.

All comments received by the NAESB office by the end of business, January 5, 2009, will be posted on the Home Page (WEQ Request Page): http://www.naesb.org/weq_request.asp and forwarded to the WEQ Executive Committee members for their consideration. If you have difficulty downloading the recommendations, please call the NAESB office at (713) 356-0060.

Best Regards,

Denise Rager
NAESB

cc: Rae McQuade, President