# Comments on NAESB DR M&V Standard

Draft Dated December 8, 2008

| ELCON Comment/Concern – Submitted in October 2008 Informal Comments Filing | NAESB Subcommittee Response | ELCON Response in Formal Comments |
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| Concern over amount of flexibility given to the System Operator:<br><br>**Measurement and Verification** - We believe it may be a misnomer to label this draft recommendation "measurement and verification" (M&V) business practice standards since the standard would defer many actual M&V functions to the System Operator and applicable tariffs. The proposal does not standardize many M&V functions, but rather, provides a standardized template (or taxonomy) for designing Demand Response programs and offerings in the wholesale electric markets, and provide capabilities for supporting the measurement and verification of the Demand Resource. There are aspects of measurement and verification that are not covered under this draft recommendation that the industry may seek to address in future standards. Our concern is that this option not be precluded by the draft recommendation. | Unclear. The responder is free to submit a request with enough specificity to generate a change to the recommendation. The request could be considered now or may be addressed once the standards are approved. | This concern was also submitted by other parties and the title of the standard was subsequently changed to:<br><br>Business Practices for a Framework for Measurement and Verification of Wholesale Electricity Demand Response.<br><br>The concern is not likely to completely go away and ELCON staff expects it to be further addressed in formal comments. ELCON may want to propose further clarification. |
| Concern over amount of flexibility given to the System Operator:<br><br>**Aggregation** – The proposal for Aggregation under the four service types may be subject to abuse or discriminatory treatment of Aggregators. The System Operator should not be in the position to decide who can or cannot aggregate loads. The System Operator should be required to accept resources from Aggregators that are already pre-qualified under applicable state or federal regulations, and the terms and conditions of each ISO or RTO's tariffs. We suggest a new provision:<br><br>**Aggregation** – The System Operator shall treat Aggregated Demand Response on a comparable basis with other Demand Response. ("Business Practice Requirements") | Agree - As defined in the General Terms, an Aggregated Demand Resource is a group of independent Load facilities that provide Demand Response services as a single Demand Resource.<br><br>Language change has been included in the redline:<br><br>...the System Operator shall specify any requirements for Aggregated Demand Resource. | Member comment? |

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| Concern over amount of flexibility given to the System Operator:<br><br>**System Operator Discretion to Dispatch Demand Resource for Reasons Other Than for What was Intended.** A general concern of Demand Response Providers is committing to provide a specific Demand Response service, and then when the Event actually occurs, the Demand Resource is dispatched as another service. While we understand and appreciate a System Operator's need for flexibility, we also do not want Demand Response Providers to be put in situations in which they are routinely providing uncompensated services. We request that the working group address this concern. Also related to this concern is the need for reasonable limits on Events that are triggered as "Call Options." Here the fear is that the System Operator may be overly cautious and tend to over use a Demand Resource. The proposed standards tend to emphasize only the obligations of Demand Resources and not so much (if at all) the complementary obligations of the System Operators. We want to encourage the formation of professional, business-like partnerships, and avoid adversarial relationships. | Disagree - Standards do not specify conditions for dispatch, rather they define the nature of the actions that are part of an Event. Furthermore the standards do not address compensation or program design issues whatsoever.<br><br>The suggested changes could be considered out of the scope of this phase of the project, and the work group recommends that the subcommittee hold off on action at this time. | Member comment? |
| Greater Clarity:<br><br>**Comply with NERC Reliability Standards** – On page 7 of the draft there is a statement that "all entities supplying Demand Response Services shall comply with NERC reliability standards." We are not aware of any NERC registration or certification requirement that requires that Demand Response Providers be registered in the NERC Compliance Registry and therefore subject to NERC Reliability Standards. More likely it is the System Operator (e.g., as Balancing Authority) who will have to comply. Regardless of who is required to register in the NERC Compliance Registry, the responsibility is a requirement of federal law subject to financial penalties. | Language changed to enhance clarity:<br><br>**Tariff Conflict and NERC Standards:**<br><br>In the event of a conflict between these business practices and the System Operator's Tariffs, market rules, operating procedures, protocols or manuals, the Tariff, market rules, operating procedures, protocols or manuals shall have precedence. Terms defined in the Definition of Terms do not modify or supersede market rule or tariff definitions that apply to the compensation, design, operation, or use of Demand Response services. Additionally, all entities supplying Demand Response Services shall comply with applicable NERC reliability standards. | NERC's Functional Model Working Group has proposed definitions of new entities Demand Resource Operations/Operators and Demand Resource Ownership/Owners that may eventually require registration in the NERC Compliance Registry. |
| Specific Comments on the Standards:<br><br>**Normal Operations/Recovery Period** – The standard should not require a return to "normal operations" (implying a return to a higher or the ex ante level of load) unless the Demand Response Provider has been contracted to do so. The Demand Response Provider should be | Agree. Language changed definition of Demand response event:<br><br>**Demand Response Event -** The time periods, deadlines and transitions during which Demand Resources perform. The System Operator shall specify the duration and applicability of a Demand Response Event. All | The fix includes a confusing double negative. We should resubmit the comment. |

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| allowed the discretion to remain at the lower Load level after the Demand Response Event. Any other such requirement should be treated as a separate Event. The applicable definitions should be clarified as follows:<br><br>**Normal Operations** – The time following Release/Recall at which a System Operator may allow a Demand Resource to cease any obligation regarding its Load consumption, and to be available again for Deployment. ("Definition of Terms")<br><br>**Recovery Period** – The time between Release/Recall and Normal Operations, representing the window under which Demand Resources may return to their normal or other load level. ("Definition of Terms")<br><br>**Release/Recall** – The System Operator shall specify the time at which Demand Resources shall cease any obligation regarding its Load consumption. ("Business Practice Requirements" except for Regulation Products (015-1.12)) | deadlines, time periods and transitions may not be not applicable to all Demand Response products or services. | |
| Specific Comments on the Standards:<br><br>Demand Resource Availability Measurement – The current provision on Demand Resource Availability Measurement in the Business Practice Requirements is too open ended. We recommend:<br><br>**Demand Resource Availability Measurement** – The System Operator shall specify any reasonable requirements for measuring the capability of a Demand Resource to meet its obligation that do not burden the Demand Resource with unnecessary or unduly costly requirements. ("Business Practice Requirements" – Capacity Products (015-1.4) and Reserve Products (015-1.8)) | Disagree. These standards are not meant to incorporate market or program design features. The suggested changes represented in the comments are inconsistent with the intent and scope of these proposed standards. The ISO-RTO work group recommends that the subcommittee hold off on action at this time. | Member comment? |
| Specific Comments on the Standards:<br><br>**Telemetry** – There are an abundance of definitions and references to telemetry in the draft recommendation. We recognize that there is a need for telemetry adequate to ensure predictable system operations and reliable confirmation of instructions by the Demand Resource in providing services. Our problem is with the broad scope of provisions such as "Telemetry Requirements" and "Other Telemetry Measurements" in which there are no implied or explicit limits on what the System Operator may require. | Disagree. Telemetry requirements may legitimately vary by Region and by type of service; ISOs chose to recommend minimum standard rather than prescribe a maximum. The suggested changes represented in the comments are inconsistent with the intent and scope of these proposed standards. The ISO-RTO work group recommends that the subcommittee hold off on action at this time.<br><br>Agree – Language changed to enhance clarity:<br><br>**Telemetry Requirement -** The System Operator shall specify any requirements for real-time Telemetry, | Member comment? |

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| We suggest that any requirements (initial or additional) be commensurate with achieving compliance at least-cost to the Demand Response Provider. Another issue related to telemetry is the statement in the provisions on Telemetry Requirements that reads: "… the entity responsible for installing and maintaining Telemetry equipment …." We suggest it should read "the entity or entities responsible for installing and maintaining Telemetry equipment …." This will recognize that more than one contractor or vendor may be associated with the installation and/or maintenance of the equipment. | including, but not limited to: the use of real-time Telemetry, the entity or entities responsible for installing and maintaining Telemetry equipment and collecting and communicating Telemetry data. | |
| Specific Comments on the Standards:<br><br>**Maximum Base Load Evaluation** – As a general concern, the definition/description of this performance evaluation type needs amplification or clarification. It is not immediately obvious to some readers what in fact is being described. We recommend that the working group rework the definition or maybe supplement it with an example.<br><br>A second comment on "Maximum Base Load" is a question: Why is MBL not an acceptable method of Demand Response for Reserves? | Disagree. The workgroup maintains that the Maximum Base Load performance method does not require the Demand Resource to curtail load from a specific level but rather to a specific level. In some cases the resource may already be at or below the max base load. The Max Base Load methodology would not be applicable to the use of a Reserve Service. | Note that the matrix on page 10 of the Recommendation does include a new checkmark that indicates that Max Base Load can apply to Reserves. |

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| ConEd submitted the following comment related to **Telemetry**:<br><br>On page 17, the document defines **Telemetry Accuracy** to have 3% accuracy, but this standard should have more rigor. In addition, the Company does not understand the standard. Is the 3 percent standard referring to data reporting accuracy? This language of 3% accuracy is also used in the before and after metering section, which seems high for meter accuracy tolerance. | Language changed to enhance clarity.<br><br>**Telemetry Accuracy**<br><br>The System Operator shall specify the accuracy of the real-time Demand measurement to be expressed as a percentage of full scale, not to exceed 3.0% .<br><br>~~**Telemetry Accuracy**~~<br><br>~~The accuracy of the real-time Demand measurement shall be represented as a percentage of full scale, up to a maximum of 3.0% unless otherwise specified by the System Operator.~~ | |
| Kansas City Power & Light submitted the following comment:<br><br>**Exclusion Rules (pages 29 and 31)**<br><br>The System Operator shall specify any rules for excluding data | Agree – Language change made to **Exclusion Rules:**<br><br>**Exclusion Rules**<br><br>The System Operator shall specify any rules for excluding | |

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| from the Baseline Window. Exclusion rules may be based on, but are not limited to the following:<br>a. Historical Demand Response Events<br>b. Testing/Audit Periods<br>c. Calendar data<br>d. Outages<br>e. Weather emergencies or force majeure events<br>f. Usage threshold<br>g. Known, discrete load additions or reductions that have occurred during the Baseline Window | data from the Baseline Window. Exclusion rules may be based on, but are not limited to the following:<br>a) Historical Demand Response Events<br>b) Testing/Audit Periods<br>c) Calendar data<br>d) Outages<br>e) Weather emergencies or force majeure events<br>f) Usage threshold<br>g) Known, discrete load additions or reductions that have occurred during the Baseline window. | |
| NRECA submitted the following comment:<br><br>The purpose of this draft proposal is to create compatibility between markets. The National Rural Electric Cooperative Association (NRECA) generally is supportive of these proposed standards as they currently are written. However, after comparing these standards to other M&V standards (IPMVP in particular), NRECA notes that there are few specific details provided in the definitions and guidelines for each step in the performance evaluation process. This lack of specificity can provide sufficient flexibility to support the current programs already underway in the markets which have been designed to support multiple DR programs for varying industry and operational structures. Nonetheless, only providing general guidance on reaching compatibility across markets, in some cases, may lead to confusion. For example, without further guidance in the recommended standards, as the level of experience in the industry declines in the coming years, confusion eventually could develop as new and inexperienced staff becomes more involved in these programs. To help minimize potential confusion, NRECA agrees with the suggestion made at the October 3rd NAESB meeting to provide examples of proposed performance evaluation methodologies superimposed on products within each category as an appendix to the document. | Agree. A working document supporting the responder's request for clarity from an example is to be provided. | |
| BGE submitted the following comment:<br><br>Pg 16 under Definition of Term, General Terms:<br><br>**Telemetry** and **Telemetry Interval** clarify definitions. Does "TI" refer to the frequency of the interval reading vs. the duration of the interval (or the interval length) , such as every to include specifics on the quantities to be communicated, and what "continuous communication" means. The definition merely states "continuous | Agree – to avoid confusion **Telemetry Reporting Interval** was replaced by **Telemetry Interval**, the defined term.<br><br>**Telemetry Interval**<br><br>The System Operator shall specify the Telemetry Interval at a value not to exceed 5 minutes.<br><br>~~**Telemetry Reporting Interval**~~ | |

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| communication between a DR and a DSP and the System Operator". As an example, the quantities might be: "15-minute interval kWh continuously recorded and capable of being communicated on a daily basis." Or "1-minute interval data continuously recorded and communicated at least every 5 minutes". | ~~The Telemetry Reporting Interval shall be up to a maximum of 5 minutes unless otherwise specified by the System Operator.~~ | |
| It is not clear whose comment (ELCON?) triggered the addition of the material here that illustrates the timing of a **Demand Response Event** that was added on page 11. | The following clarifying language was added:<br>**Illustration of Timing of a Demand Response Event**<br>The illustration below represents the terms for timing events and time durations applicable to the charactersitics of a Demand Response Event. The definitions of the ten elements in the illustration are the basis for describing the Timing of a Demand Response Event. The applicablity of these elements to a Demand Response Service is dependent on the Service type. The System Operator shall specify whether any or all of the elements illustrated in the Timing Demand Response Event figure are applicable. In some cases, some elements will not be applicable; the inclusion of the elements establish a requirement for said elements | |
| It is not clear whose comment (AEP?) triggered the changes to the definitions of **Meter Accuracy** and **Meter Data Reporting Interval** that apply to **After-the-Fact Metering.** | The following definition was changed:<br>**Meter Accuracy**<br>The System Operator shall specify t~~T~~he accuracy of the ~~after~~After-t~~t~~he-F~~f~~act M~~m~~etering not to exceed 3% of full scale~~shall be represented as a percentage of full scale, up to a maximum of 3.0% unless otherwise specified by the System Operator~~.<br>**Meter Data Reporting Interval**<br>The System Operator shall specify the~~The~~ Meter Data Reporting Interval ~~shall be a maximum of~~ at a value not to exceed 1 ~~hour unless otherwise specified by the System Operator~~ hour.~~.~~ | |