



Energy Efficiency Resources

MRC December 9, 2015

Concerns with EE Changes

Issue – PJM proposals to limit EE Resources are inappropriate and unjustified.

- **Limits on use of EE as replacement capacity constitute a substantive change in characteristics for EE that is properly addressed in a FERC filing.**
- **PJM cannot show that EERs are necessarily included in the energy efficiency element of the load forecast.**

Background

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- **PJM has recently acted to anticipate impact of energy efficiency activity into load forecasts.**
- **PJM claims that the inclusion in the forecast of the effects of energy efficiency by end users generally necessarily includes the effects of Energy Efficiency Resources (EERs) in the forecast.**
- **PJM then proposes that as a result EER participation in the auctions necessitate an adjustment to the forecast and restrictions on EER participation in RPM because they would otherwise be “double counted” in the forecast.**

PJM Proposal - Impacts

PJM's proposal has a significant outcome:

- **EERs become a second class resource due to prohibition on use as replacement capacity.**
 - This is a significant change in Capacity Resource characteristics that is discriminatory and properly addressed in a FERC filing.
 - Clarification: The proposal permits a limited amount of replacement. For 2015-16 the permitted amount would have been 4.8MW.
 - Potential issue – how to allocate the allowed replacement capacity?
- **EER participation could substantially decrease – more than 20% of EER appears to be replacement capacity.**

Restrictions should not be implemented via Manual

- 1. The restriction eliminates fungibility of EER as a Capacity Resource. This possibility was never addressed during FERC consideration of EERs.**
- 2. PJM states a concern that EER as replacement capacity would adversely impact reliability.**
- 3. For 2015-16 EER replacement activity is estimated at 300 MW. This is less than 5% of PJM's average (3 year forward) forecast *error* since RPM began.**

Recommendations

- 1. Reject PJM's proposed changes to limit EER eligibility to less than 4 years.**

Or

- 2. Revise the proposal to allow a limited amount of replacement capacity.**

Or

- 3. Prepare tariff language to address the addback changes and EER restrictions.**

Questions?



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