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Exelon Friendly Amendment EE Resources Proposal RAA OATT

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Friendly Amendment

First read at 8/13/24 Informational MRC; No initial concerns expressed; PJM agreed to post with materials

Energy Efficiency Resource: “Energy Efficiency Resource” shall mean a project that is implemented exclusively in response to wholesale capacity revenues, including installation of more efficient devices or equipment or implementation of more efficient processes or systems, meeting the requirements of RAA, Schedule 6 and exceeding then-current building codes, appliance standards, or other relevant standards, designed to achieve a continuous (during the periods described in Reliability Assurance Agreement, Schedule 6 and the PJM Manuals) reduction in electric energy consumption that is not reflected in the peak load forecast prepared for the Delivery Year for which the Energy Efficiency Resource is proposed, and that is fully implemented at all times during such Delivery Year, without any requirement of notice, dispatch, or operator intervention. Annual Energy Efficiency Resources, Base Capacity Energy Efficiency Resources and Summer-Period Energy Efficiency Resources are types of Energy Efficiency Resources.

Additionally, consistent with the procedures outlined in RAA Schedule 6 paragraphs 8 and 9, state Energy Efficiency Programs authorized, directed and supervised by a Relevant Electric Retail Regulatory Authority produce types of Energy Efficiency Resources that are distinct from Energy Efficiency Resources offered by other Capacity Market Sellers. Both a Relevant Electric Retail Regulatory Authority and a relevant electric distribution company have responsibilities associated with facilitating Energy Efficiency Resource participation within a zone or LDA for other Capacity Market Sellers as well as the ability to directly participate as a Capacity Market Seller through state Energy Efficiency Programs authorized, directed and supervised by a Relevant Electric Retail Regulatory Authority in accordance with a measurement and verification plan and post-installation measurement and verification report supported by the Relevant Electric Retail Regulatory Authority.

Purpose of the Friendly Amendment

- RAA and OATT already possess parallel provisions establishing dual roles for relevant electric distribution companies and Relevant Electric Retail Regulatory Authorities.
- The rigor and regulatory scrutiny that characterizes state EE programs differentiates them from other EE wholesale market participants; the RAA and OATT already suggest it, but should just come out and say it.
- One lesson learned from five pending FERC proceedings is that the distinction between state authorized, directed and supervised EE programs and other EE Capacity Market Sellers should be delineated in the PJM governing documents irrespective of whether there is an ongoing practical ability for EE market participation or not.

Benefits of the Friendly Amendment

- ❖ Incorporates explicit language into the governing docs proven by FERC proceedings to be important.
- ❖ Maintains level playing field between State-authorized, directed and supervised EE provided by EDCs and EE provided by third-parties.
- ❖ Fully recognizes that state programs as currently constructed will NOT be able to participate because no state-program Energy Efficiency Resource results from a project that is implemented exclusively in response to wholesale capacity revenues.