



For MIC, 2/21/2024; MRC 2/22/2024

# PJM proposed Manual 18B Changes

Discussion of problems with PJM proposal to MRC and CPower changes to address them.



# Equity problems are only the beginning

PJM proposed language is dangerous:

**Excludes EE programs targeted at low income families.**

***. . . and this is being proposed without a stakeholder process.***

6. 'Current Load' Baseline: For projects in which replacement, modification or removal of equipment and controls in systems or buildings are not planned independently of the Energy Efficiency initiative that is being offered into the RPM Auction or committed to an FRR Capacity Plan, the Baseline Condition is the kW load of the existing equipment across the [Energy Efficiency EE](#) Performance Hours and winter performance hours under pre-retrofit conditions. This baseline may only be used for retrofit or replacement projects, where the [Energy Efficiency EE](#) Provider can demonstrate and provide evidence that the project would not have occurred absent participation in the wholesale market and for which the existing [Energy Efficiency EE](#) measure or device that is replaced or retrofitted is still fully operational and expected to be used during the installment window.

For eligibility to use the 'Current Load' Baseline Condition:

3. Document the nature of the project such that it can be reasonably assumed that the replacement, ~~removal~~ or retrofit would not have occurred in the absence of the Energy Efficiency initiative.
4. Replacement of equipment shall be with equipment that is better than the standards in place at the time of installation, as known at the time of commitment. If there is no applicable State code or federal standard, then standard practice shall be used as the basis for establishing Baseline Conditions and shall be documented in the M&V Plan and the Post Installation M&V Report. Provider must provide evidence that the most stringent standard and/or practice was used.

# Low-income EE Programs will be ineligible

THE CAPITOL

## Demand for Pennsylvania's Whole-Home Repairs Program has been overwhelming, but more funding is on hold

by Charlotte Keith of Spotlight PA | Dec. 11, 2023



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The program offers income-eligible homeowners grants to address problems like leaking roofs, unsafe electrical wiring, and broken furnaces. The funding can also be used to make properties more energy-efficient, or accessible for people with disabilities, as well as for construction-related workforce training.

<https://www.spotlightpa.org/news/2023/12/pennsylvania-whole-home-repairs-program-shortage-budget-impasse-legislature/>

# Inconsistent with Industry Practice

PJM language does not reflect the reality of how home performance companies operate and customers make decisions about energy efficiency improvements.

“Priority List of Measures” allows homeowner can make decisions about efficiency measures according to a **budget**.

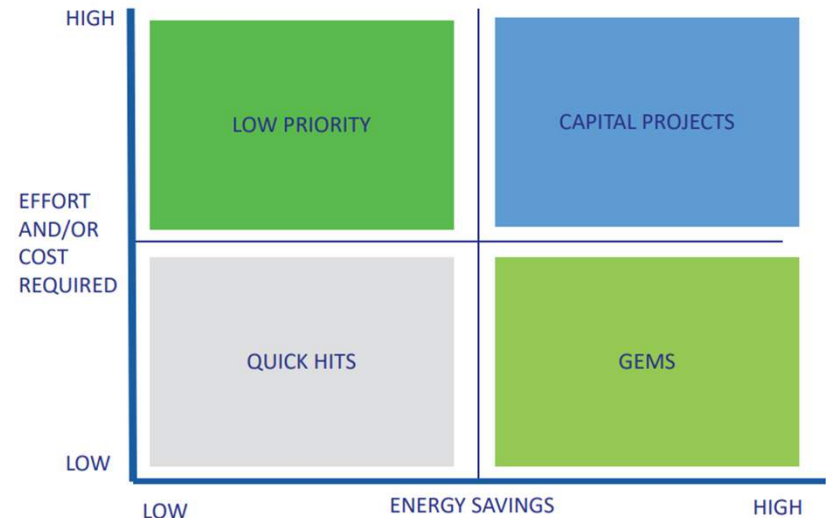
PJM language will force feed suboptimal and inefficient decisions:

- “Absent participation in the wholesale market” and “fully operational” language will make best choices ineligible or impractical.
- “Most stringent standard” language is inappropriate in this context and will necessitate making suboptimal decisions or foregoing needed repairs.

<https://efcnetwork.org/wp-content/uploads/2017/05/6.-Step-5-Energy-Mgmt.pdf>

<https://www.mtregional.org/files/4bd7ff07f/The-Real-Power-of-Water-6-%28Engineering%29.pdf>

Energy Efficiency Measure Decision Matrix



# Causality requirement is inappropriate


- PJM language has echoes of repudiated MOPR approaches that were abandoned by PJM. ER21-2582
- No other PJM capacity resource must demonstrate that it would not have built the capacity resource absent participation in the capacity market.
- Completely impractical and creates a moral dilemma:

**Notice to customer:** Eligibility rules for energy efficiency rebate require that end use customers demonstrate and provide evidence that a project/measure would not have occurred absent participation in the wholesale market.

*Check one box and sign below:*

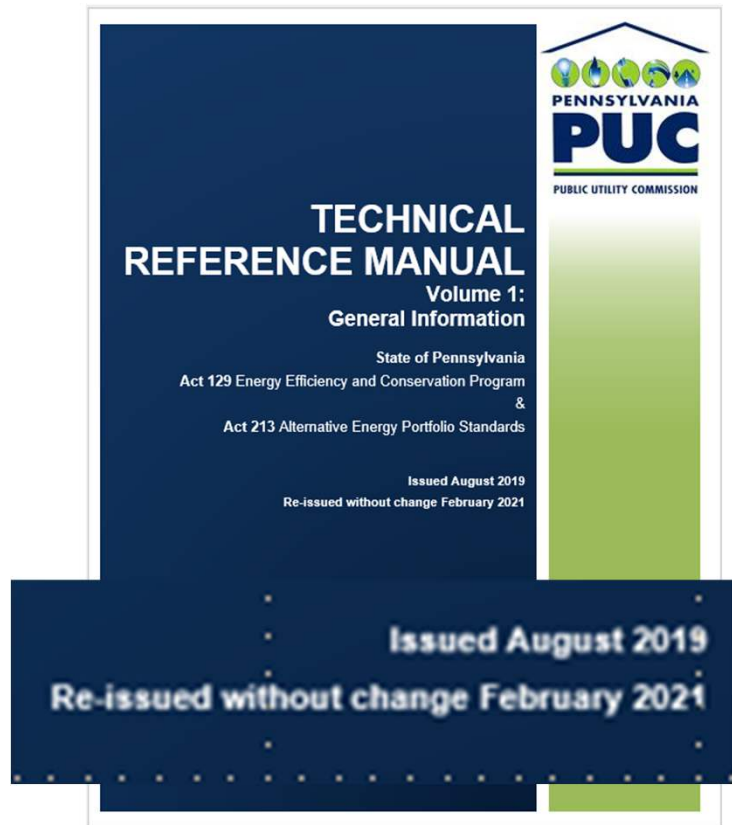
I certify that this energy efficiency project would not have occurred absent participation in the wholesale market.

This project would have occurred without participation in the wholesale market.

  
Customer



# Current TRMs proposed to be ineligible



# EE Capacity Rights

The ~~Initial~~ Post-Installation Report should include

- Cover page with list of changes/updates contained in the Initial Post-Installation M&V Report
- Details of any changes between the prior ~~Updated~~ M&V Plan estimated savings and as-built/installed conditions and associated actual savings, and any changes to the estimated demand and energy reductions
- Detailed list of installed equipment by end-use customers, along with evidence that the Energy Efficiency Provider possesses the exclusive authority from the end use customer to aggregate and offer the end-use customers' Energy Efficiency benefit associated with the installed equipment.
- Documentation of all post-installation verification activities (verifying that the equipment/systems were installed and are operating). Installation must be validated at each end-use customer site. Energy Efficiency EE Provider must be able to provide end-use customer specific information for all each installations with a validation that it was installed process.

- Under nearly all aggregated energy efficiency programs, the end use customer never actually acquires the EE Capacity Rights.
- There is room to improve and standardize documentation of ownership and exclusivity.
- Forcing documentation from the end use customer documentation will simply kill off the most successful energy efficiency delivery mechanisms.

Costs of these programs may be recovered through customer rates in accordance with New Jersey law. For a complete list of commercial, industrial, residential and low-income energy efficiency programs, please visit [energysaveNJ.com](http://energysaveNJ.com).



By participating in these energy efficiency and peak demand reduction programs, customers agree to allow their utility to retain ownership of all Capacity Rights which refers to the demand reduction associated with any energy efficiency and peak demand reduction measure for which incentives were provided by the Company. Your utility will aggregate these energy efficiency demand reduction attributes into the PJM capacity market with proceeds being used to offset the program costs.

[https://www.firstenergycorp.com/save\\_energy/save\\_energy\\_new\\_jersey.html](https://www.firstenergycorp.com/save_energy/save_energy_new_jersey.html)

# PJM proposal is a radical departure

- PJM has never conducted a stakeholder process to consider proposals to improve to energy efficiency procedures.
- PJM has not vetted its changes with PJM stakeholders.
- PJM has never conducted an audit (as is provided for in the tariff) to determine if there are problems with the way EE providers are operating.
- PJM has not consulted with state policy makers to understand how changes will negatively impact successful energy efficiency programs.
- PJM has not considered the disproportionate harm of the changes to marginalized people living in the PJM territory.
- PJM has not provided stakeholder education on the topics affected by changes proposed for adoption by the MRC.
- PJM has not explained or articulated the problem it is actually trying to solve with abrupt changes.



# What we say we do.



## Committees & Groups

PJM Interconnection committees and groups are integral to developing and refining PJM's rules, policies and processes. These groups provide a forum for members to share their positions and resolve difficult issues. Market committees are essential to PJM's governance structure for administering an open grid and transparent markets.

A collaborative approach - **a hallmark of the way PJM conducts business** - enhances our ability to maintain grid reliability and ensure robust markets.

## Manual 34

The purposes of the PJM stakeholder process are to:

- Educate stakeholders on a wide range of issues related to PJM markets, operations, public policies and industry matters;
- Explore different solutions, building consensus which helps policy makers approve key laws and regulations;
- Improve communication among Members and between Members and PJM management/ Board of Managers;
- Implement the powers and responsibilities of the Members Committee and other committees defined in the OA. Specifically, the powers and responsibilities germane to the stakeholder process are found in OA sections 3.1 (a), 8.6, 8.8 and 18.6; and
- Create technically sound solutions.

“The goal of the stakeholder process is to efficiently, effectively and fairly identify, review and make decisions regarding proposed revisions to PJM’s governing documents, processes, market and reliability design and operations. The tools provided herein assist in that process by promoting a greater understanding of issues, collaborative problem solving and consensus building.”

# CPower Changes to PJM proposal

1. 7a, 7a.2 – If using current baseline and Option B, studies will have 5 year life span to allow for reasonable application.
2. 7a.1 – Uses most recent TRM instead of 3 year limit to avoid invalidating TRMs still in use.
3. 8.1a.3 – Eliminates causality requirement for use of Current Load Baseline.
4. 8.1a.2(2<sup>nd</sup> instance – For Current Load Baseline Condition) - Eliminates “most stringent standard and/or practice.”
5. 4a.1 – Deletes end use customer specific validation from PIMV Report (to be referred to stakeholder process).
6. 4a.1 – Leakage rate applied to border zones not LDAs.
7. 4a.2 – Deletes poorly worded/redundant officer certification language.