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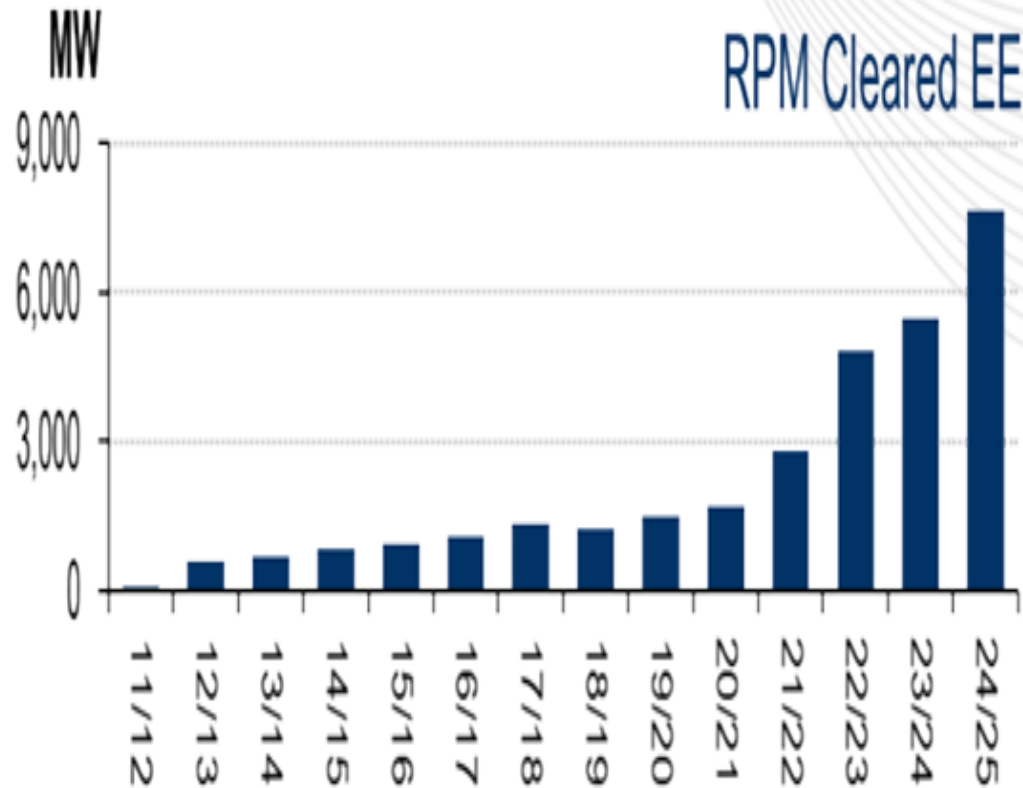
Exelon EE Package Proposal

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Purpose of the Exelon Package

- Protect the viability of state EE programs within PJM's capacity market construct.
- Rigor and regulatory scrutiny that characterizes state EE programs differentiates them from other EE wholesale market participants and should be respected in the PJM market construct.

Respect State-Driven EE History



- EE started in earnest in PJM at the prodding of FERC and various states and it worked.
- From about 2009 to 2014, the states got a fair amount of EE off the ground with steady growth through the 21/22 delivery year.
- Starting about 2014, things picked up further and there were separately certain third-party EE provider activities that joined the states in the EE marketplace.
- Unlike third-party EE Providers, EDCs offer EE resources into the BRA under the direction and supervision of state regulatory authorities with state proscribed M&V protocols that are subject to annual reviews for verification of energy and capacity savings and for cost-effectiveness.
- Not only do state regulators independently validate EDC EE programs, but several explicitly direct EDCs to bid EE resources into the PJM capacity market and credit revenues received from the PJM market back to retail customers to help offset the costs of the programs.
- Given that EE at PJM started by and from the states and FERC, Exelon's package protects the continued viability of state programs to afford states more time to determine their PJM entry points.

State EE Programs Incompatible with Other Proposed Packages

- Other packages would eliminate the ability of state programs to continue in the PJM capacity market.

Note: No matter what happens at PJM, state EE programs themselves would not be gone. They will still play a vital and appropriate role within each state and contribute on the load forecasting side at PJM.

Exelon Package

- Support the EE registration tracker concept recommended by CPower.
- Support PJM's exemption of EE from PAI bonus payments and penalties.
- Avoids putting EE Providers in a penalty situation by being unable to rely on the M&V report while then also being unable to fix an after-the-fact identified problem through an Incremental Auction
- M&V Plan and PIMV Reporting -- maintain the 30-day timelines for M&V Plan submittals as opposed to moving to 50 days.
 - PJM's proposal to move the deadlines for EE providers by nearly a month is inconsistent with state laws establishing timeframes that EDCs must adhere to.
 - Impossible for EDCs and states to meet the 50-day deadline for submittal of M&V Plans and still meet state required deadlines.
- PIMV Legal authority, supports PJM's Proposal for tighter requirements with respect to exclusive rights to bid EE but builds in appropriate respect for the efforts of states.
 - Programs run under the direction, authorization and/or supervision of **state public utility regulatory authorities** qualified as EE capacity market products; with legal authority continuing to be eligible for substantiation by written statement in the PIMV report.