



PJM Straw Proposal: Energy Efficiency

Demand Response Steering Committee
Agenda Item 3A
September 30, 2008

- Incorporate Energy Efficiency into RPM
- Provide a mechanism to fill the “gap” between when the EE is online, but not recognized in the load forecast used in RPM auctions (4 year period)

- Energy Efficiency program is permitted to offer and clear in the RPM Auction for four consecutive Delivery Years.
 - Timeframe aligns with when the EE is reflected in the PJM load forecast.
 - Eliminates the need for add-back mechanism
 - Rules for “early entry” would allow the resource to offer into an Incremental Auction if the project is online earlier than expected.
- Resource Revenue
 - If the resource provider is willing to submit updated Measurement and Verification data each year, and clears in the auction each year, it would be paid 100% of the capacity value * RPM Clearing Price
 - If the resource provider chooses to submit M&V data the first year only, revenue would be paid on a declining scale (100% first year, 75% second year, 50% third year, 25% fourth year).

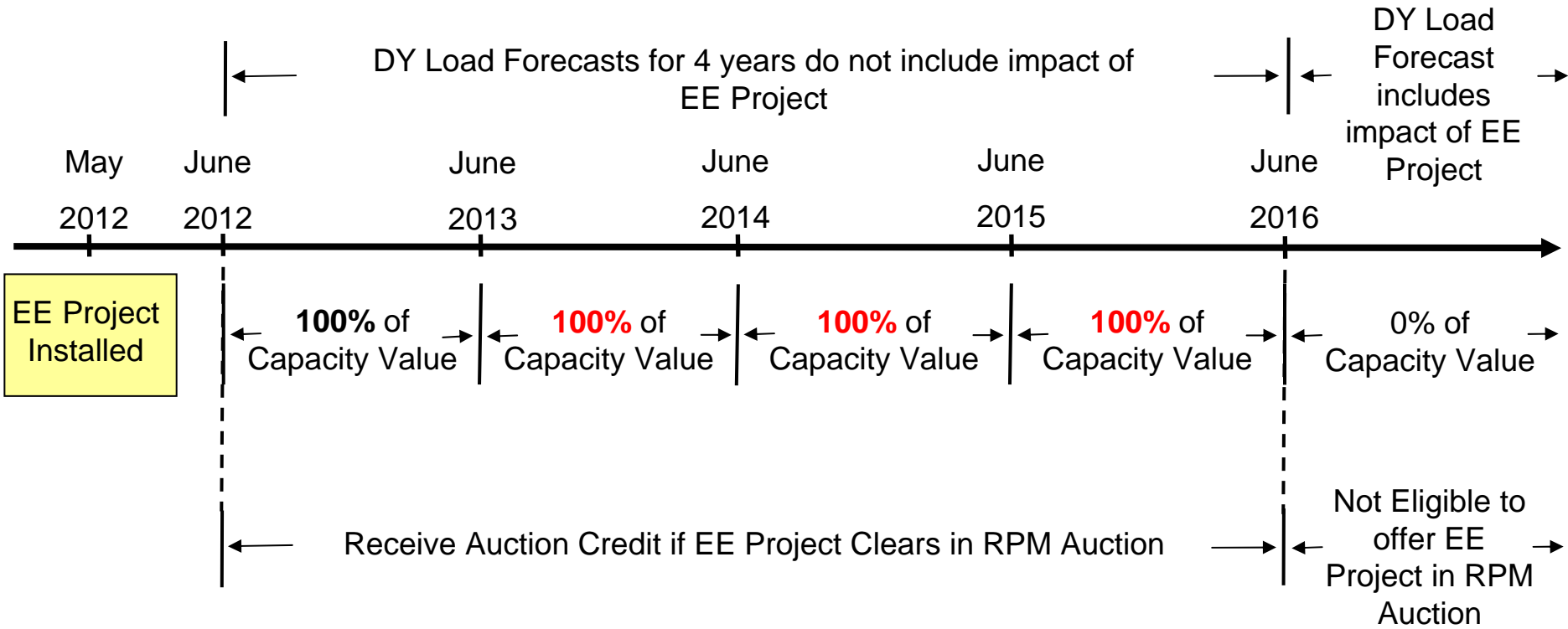
- RPM Load Obligations for the Delivery Year are procured through an auction process on a 3-year forward basis.
- The Load Forecast used to determine the demand curve for the RPM Auction is posted 3 months prior to conducting the auction, and includes the summer load data from the summer 4 years prior to the Delivery Year.

Delivery Year	Auction Conducted	Most Recent Summer included in Load Forecast
2012-2013	May 2009	Summer 2008
2013-2014	May 2010	Summer 2009
2014-2015	May 2011	Summer 2010
2015-2016	May 2012	Summer 2011
2016-2017	May 2013	Summer 2012



Energy Efficiency Timeline

On-time Installation; FOUR Year Measurement





Energy Efficiency Timeline

On-time Installation; SINGLE Year Measurement

