

Synapse
Energy Economics, Inc.

Integrating Energy Efficiency Resources into the Reliability Pricing Model

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DR Steering Committee September 30, 2008

Impacts of four options

- September 5 DRSC presentation used a hypothetical LDA to represent the different savings impacts of **three** options for integrating EE into RPM
- This presentation contains updated charts and graphs of savings under **four** options:
 - Today (no capacity savings payment)
 - Synapse proposal to pay capacity savings payment for measure life
 - PJM proposal to phase out the capacity savings payment over four years
 - PJM proposal to make full capacity savings payment for four years

Economic impacts of EE investments

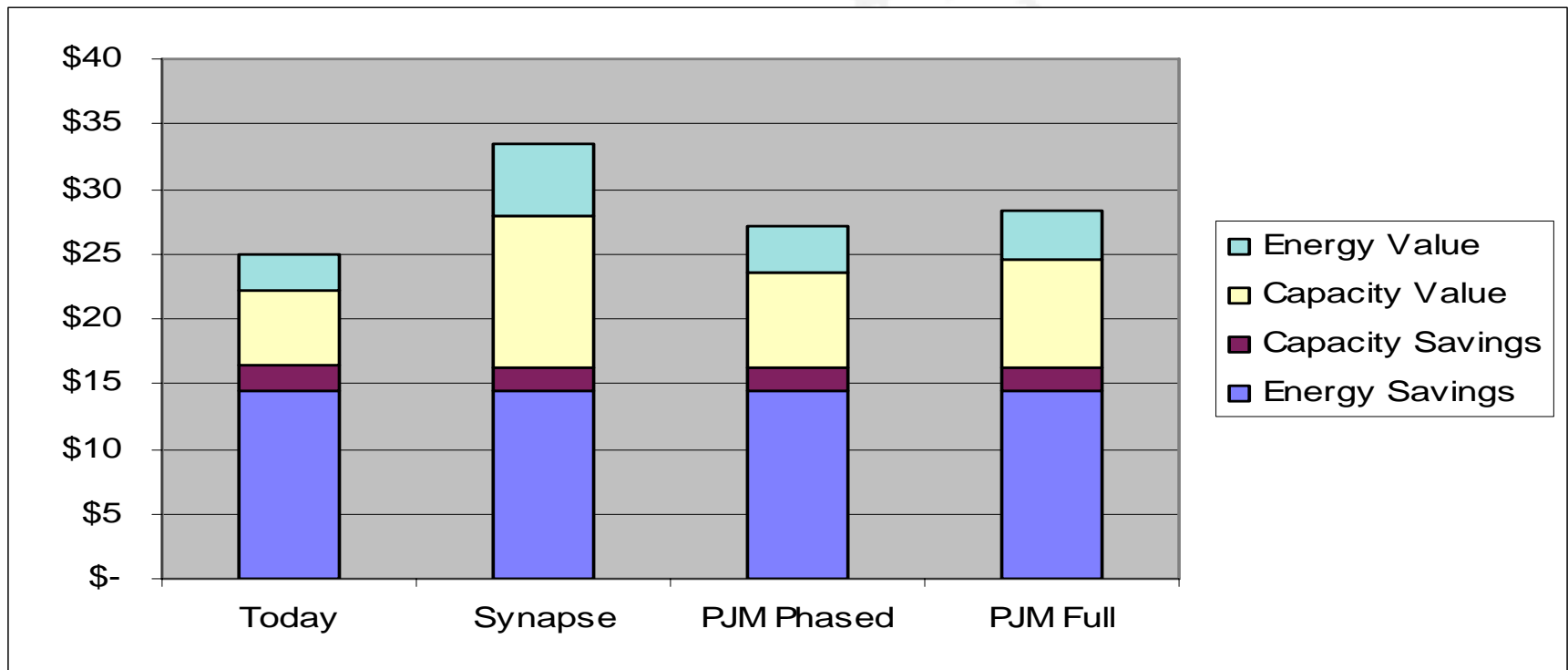
- #1 Energy savings on monthly bill
- #2 Capacity savings from lower PLC
- #3 Capacity market value from lower BRA price
- #4 Energy market value from lower LMP

Comparison of four options

Summary table for Residential AC

	Today	Synapse	PJM Phased	PJM Full
Energy Savings	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40
Capacity Savings	\$ 1.94	\$ 1.84	\$ 1.92	\$ 1.90
Capacity Value	\$ 5.84	\$ 11.68	\$ 7.30	\$ 8.18
Energy Value	\$ 2.77	\$ 5.52	\$ 3.46	\$ 3.87
	\$ 24.95	\$ 33.44	\$ 27.08	\$ 28.35

Summary graphs for Residential AC



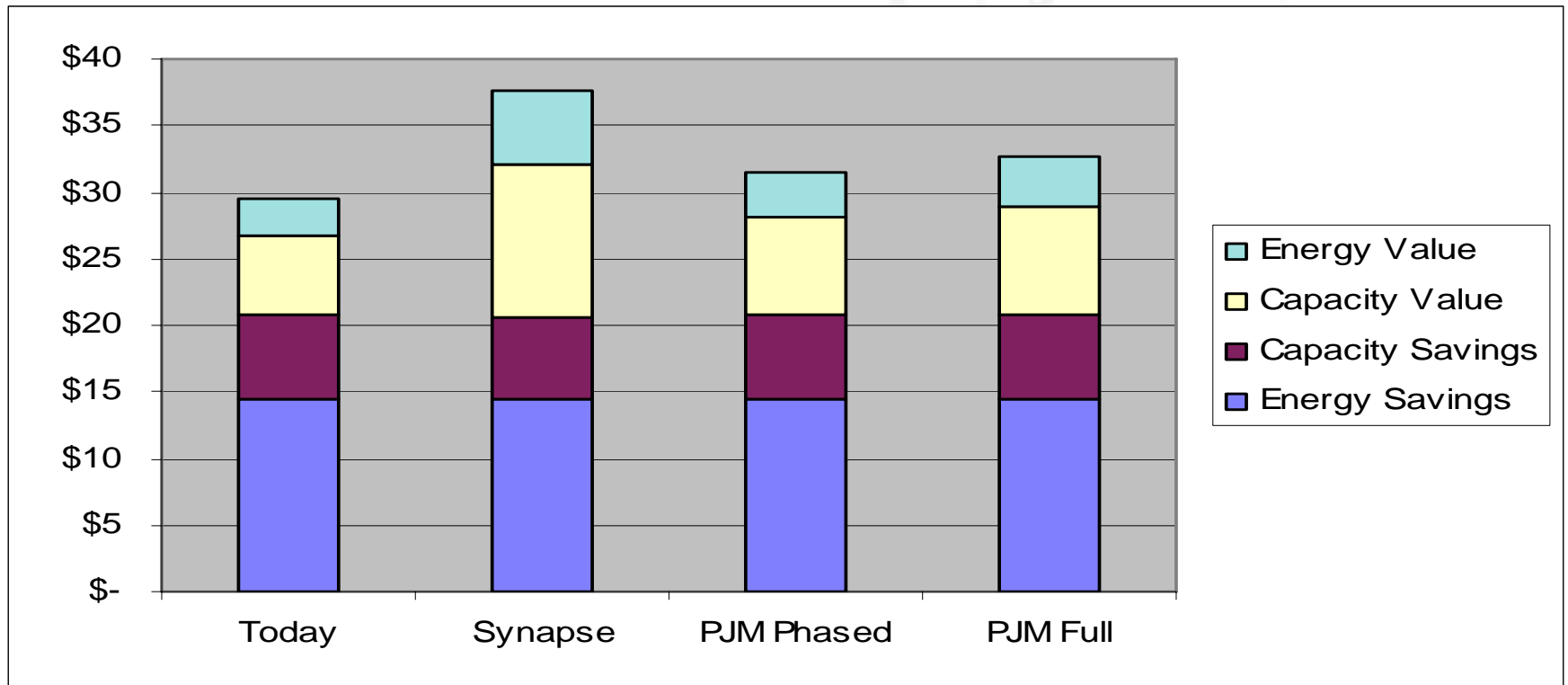
Comparison of four options

Summary table for Small Business AC

	Today	Synapse	PJM Phased	PJM Full
Energy Savings	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40
Capacity Savings	\$ 6.44	\$ 6.10	\$ 6.35	\$ 6.30
Capacity Value	\$ 5.84	\$ 11.68	\$ 7.30	\$ 8.18
Energy Value	\$ 2.77	\$ 5.37	\$ 3.42	\$ 3.81
	\$ 29.45	\$ 37.55	\$ 31.47	\$ 32.69

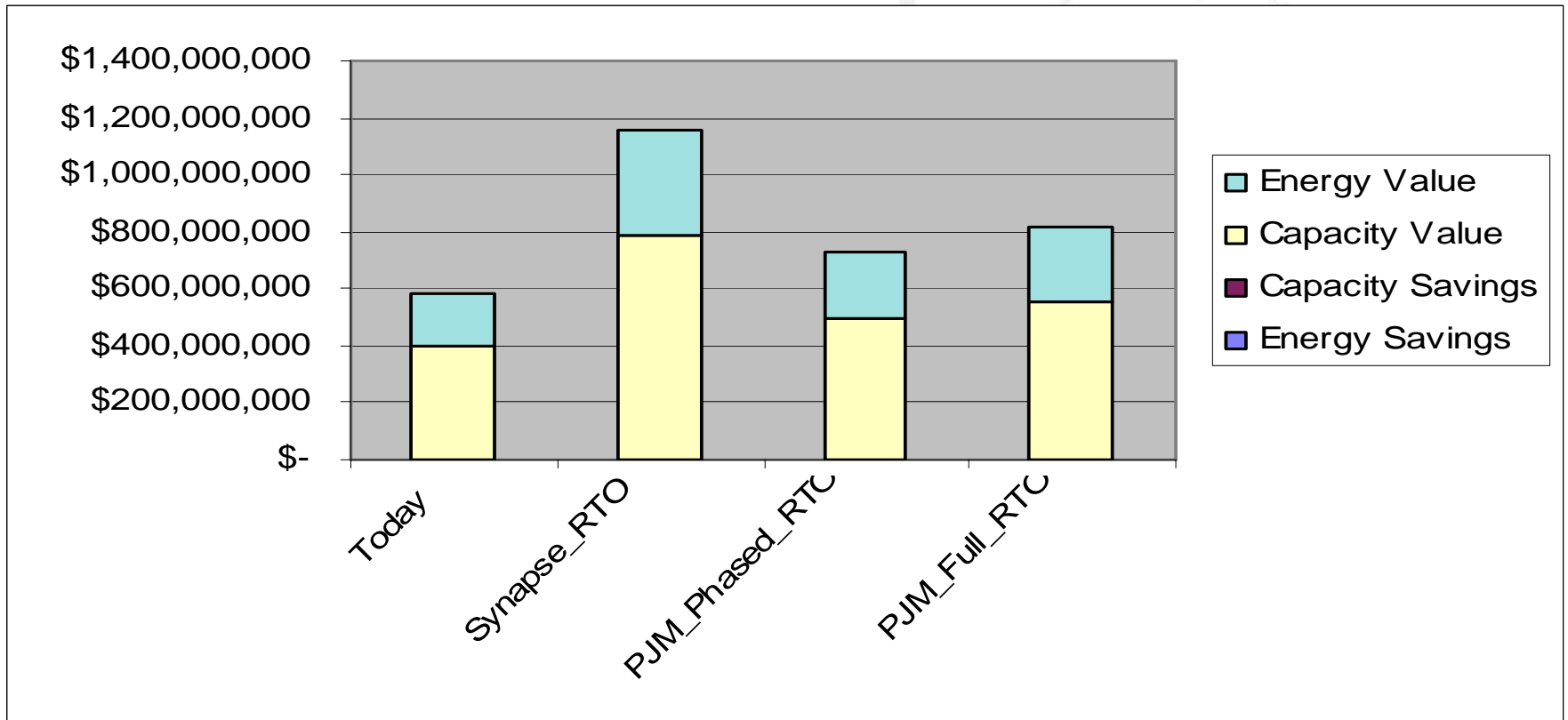
Comparison of four options

Summary graphs for Small Business AC



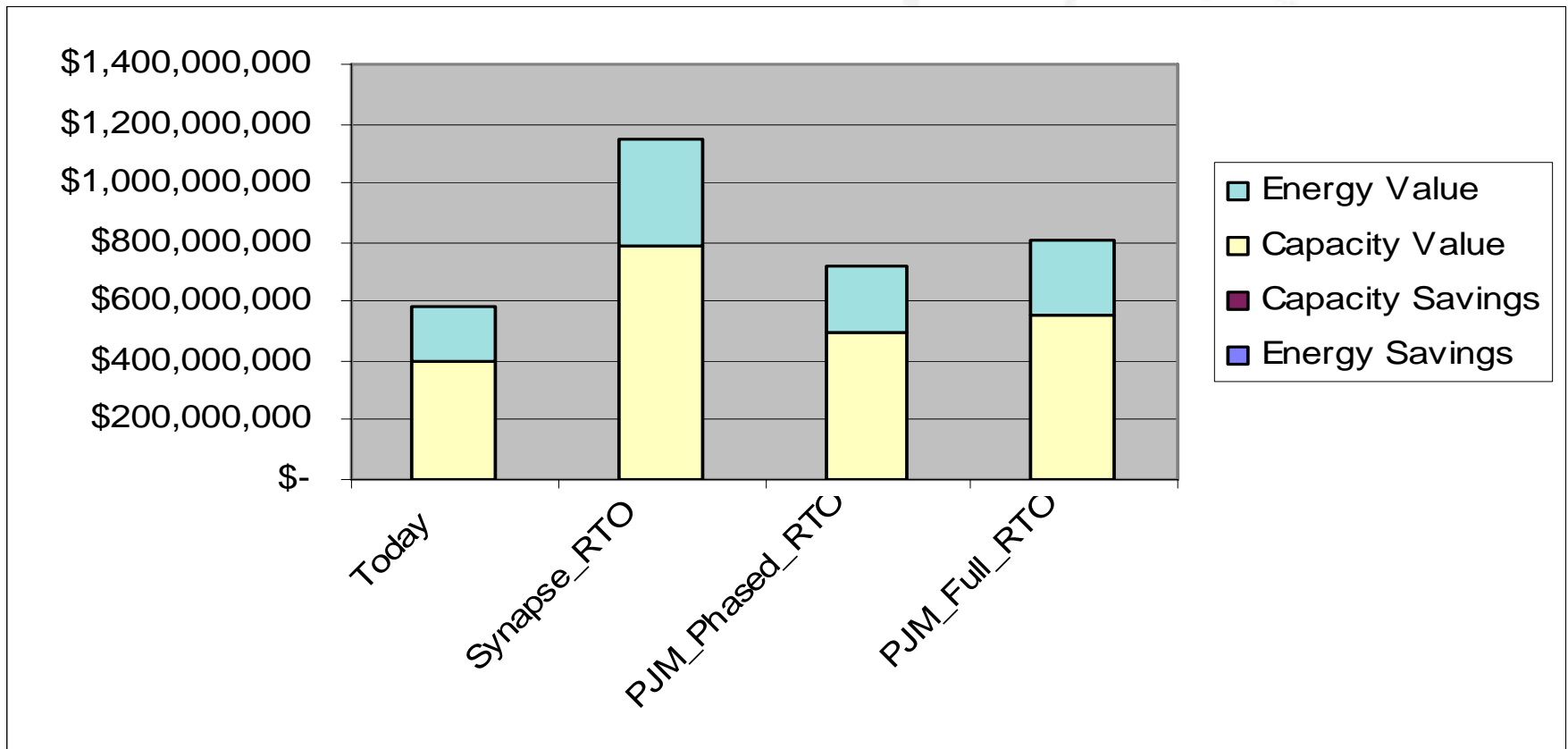
Comparison of four options

RTO-wide savings Residential AC



Comparison of four options

RTO-wide savings Small Business AC



Background Slides