

Evaluation of Energy Efficiency Resources

Problem / Opportunity Statement

Energy Efficiency (EE) Resources have participated in the PJM capacity market since the 2011/2012 Delivery Year (DY). The original reason for these resources to participate in the capacity market was to reduce the load forecast and therefore reduce the amount of capacity procured to meet the reliability requirement. Since their introduction in the capacity market, many significant changes have occurred and stakeholders have not had an opportunity to review their participation. The amount of EE in the PJM capacity market has dramatically grown from 78.1 MW in 2011/2012 DY to 7,668.7 MW in the 2024/2025 DY. This represents ~5% of total capacity procured.

- The following are the key reasons why this is the right time to discuss this topic:
 - Energy efficiency, as a capacity resource, has dramatically grown and now represents 7,668.7 MW.
 - The IMM has continued to make recommendations in their State of the Market Report regarding the participation of EE in the PJM capacity market.
 - PJM also made recommendations in the Demand Response (DR) Strategy Report to review EE participation in the wholesale market.
 - Building standards which are the benchmark to determine energy efficiency savings continues to increase thereby reducing the savings associated with energy efficiency.
 - The existing measurement & verification rules have not been updated since the inception of EE resource participation. It is good practice to review, refine and update the practice to improve the accuracy of the energy efficiency savings that may be claimed.
- This is an opportunity to make EE participation more effective by refining EE resource qualifications.
- This work will address issues concerning the measurement and verification of energy efficiency plans.