

provides information that is not otherwise in the record, and will assist the Commission in accepting PJM’s proposed Tariff revisions.⁵

II. ANSWER

Affirmed contends that the proposed filing came as a surprise by pointing to letters from the PJM Board⁶ that described PJM’s proposal in the stakeholder process as one that does not remove energy efficiency from the capacity market.⁷ What Affirmed conveniently neglects to convey, however, is that while the PJM Board accurately described the PJM package that was considered by stakeholders, the ultimate proposal that was endorsed by a sector-weighted super majority of PJM’s stakeholders and filed with the Commission was the proposal originally advanced by the Independent Market Monitor for PJM (“Market Monitor”). In short, the PJM Board’s response to Representative Sean Casten (D-IL) and others was accurate as it described the proposal that PJM advanced through the stakeholder discussions, which would have retained energy efficiency in the capacity market albeit in a modified form. The stakeholders’ adoption of the Market Monitor’s proposal was subsequent to the PJM Board’s letter to Representative Casten. Affirmed conflates the time periods and two different proposals in painting an inaccurate picture at best.

As to the alleged “surprise,” Affirmed also disingenuously omits the fact that in addition to the Market Monitor’s consistent advocacy to remove Energy Efficiency Resources from the

⁵ See, e.g., *Sw. Power Pool, Inc.*, 171 FERC ¶ 63,040, at P 20, *appeal denied*, 172 FERC ¶ 63,008 (2020); *Gulf S. Pipeline Co., LP*, 145 FERC ¶ 61,236, at P 35 (2013), *reh’g denied*, 154 FERC ¶ 61,219 (2016); *Pioneer Transmission, LLC v. N. Ind. Pub. Serv. Co.*, 140 FERC ¶ 61,057, at P 94 (2012).

⁶ For the purpose of this filing, terms not otherwise defined herein shall have the same meaning as set forth in PJM’s Open Access Transmission Tariff, Reliability Assurance Agreement among Load Serving Entities in the PJM Region, and the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C.

⁷ Affirmed Answer, Attachment 1.

capacity market since at least 2017,⁸ stakeholders considered and were on notice of the potential removal of Energy Efficiency Resources from the capacity market since at least the April 11, 2024 Market Implementation Committee meeting when the Market Monitor added its proposal to the options matrix.⁹ Thus, while the PJM Board correctly described PJM’s proposal in the stakeholder process as one that would have introduced various enhancements to the rules governing the participation of Energy Efficiency Resources in the capacity market (which Affirmed strenuously opposed during the stakeholder discussions), this instant section 205 proposal, which PJM also supports, simply reflects the general consensus of PJM’s stakeholder to adopt the Market Monitor’s proposal and encourage the continued adoption of energy efficiency projects outside of PJM’s capacity market. That is, a supermajority of PJM stakeholders reasonably determined that including energy efficiency projects in the load forecast was a sufficient alternative to participation in the capacity auctions.

As previously noted, because the load forecast is a forward-looking projection of energy efficiency impacts, a reduced load forecast results in load paying for lower quantities of capacity as well as lower wholesale capacity market prices for the quantities that are procured. There are other and more significant financial benefits as well, including lower energy, transmission and distribution costs for end-use customers that install energy efficiency products. In short, energy efficiency has a greater impact on the overall cost to load as a demand reducer in the load forecast compared to its impact when treated as a source of supply in the capacity market.

⁸ See Monitoring Analytics, State of the Market Report for PJM, https://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2017.shtml.

⁹ PJM, Evaluation of Energy Efficiency Resources – Matrix, <https://www.pjm.com/-/media/committees-groups/committees/mic/2024/20240411-special/item-02---evaluation-of-energy-efficiency-resources---matrix---4112024.ashx>.

III. CONCLUSION

For the reasons set forth in this Answer along with PJM's prior filings in this docket, PJM respectfully requests that the Commission accept this proposal, without the need for additional hearing or technical conference.

Respectfully submitted,

/s/ Chenchao Lu

Craig Glazer
Vice President–Federal Government Policy
PJM Interconnection, L.L.C.
1200 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 423-4743
craig.glazer@pjm.com

Chenchao Lu
Associate General Counsel
PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, PA 19403
(610) 666-2255
chenchao.lu@pjm.com

October 29, 2024

CERTIFICATE OF SERVICE

I hereby certify that I have on this day caused to be served a copy of this motion for leave to answer and answer upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Audubon, PA this 29th day of October 2024.

/s/ Chenchao Lu

Chenchao Lu

Associate General Counsel

PJM Interconnection, L.L.C.

2750 Monroe Boulevard

Audubon, PA 19403

(610) 666-2255