

# EE Addback in RPM Auctions

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- The Energy Efficiency (“EE”) addback mechanism prevents the adverse reliability impact associated with double-counting EE as a Capacity Resource and again as reduction in forecasted peak load
  - The EE addback method is described in Manual 18, section 2.4.5
- The current method does not require the EE addback MW quantity applied to a BRA to match the MW quantity of EE Resources that clear in the BRA
- The EE add-back MW quantity of a BRA will normally exceed the cleared EE Resource MW quantity of the BRA resulting in an artificial increase in the BRA clearing price (i.e., a higher BRA clearing price than would otherwise be realized if these two quantities were equal)

- Issue Charge endorsed at 8/11/2021 MIC meeting to be addressed through Consensus Based Issue Resolution (CBIR) Lite process
  - Expected Deliverables: Modified language to Manual 18, section 2.4.5 to reflect a revised EE Addback method
  - Decision Making Method: Tier 1, consensus (unanimity) of single proposal
  - Stakeholder Group Assignment: MIC – CBIR Lite process
  - Expected Duration of Work Timeline: Two months to ensure that modified EE Addback method is implemented with the December BRA for 2023/2024

- Planned Committee Review/Endorsement Schedule:  
MIC: 9/9/2021 (1<sup>st</sup> read), 10/6/2021 (Endorsement)  
MRC: 9/29/2021 (1<sup>st</sup> read), 10/20/2021 (Endorsement)
- Seeking MRC endorsement at 10/20/21 meeting as proposed change is to be implemented starting with December's 2023/2024 BRA

- The proposed solution is described in the red-lined version of Manual 18, section 2.4.5 and Executive Summary posted for this meeting
- The proposed solution introduces an iterative approach into the auction clearing process such that the EE addback MW quantity ultimately applied to an RPM auction matches (or nearly matches within defined tolerance) the MW quantity of EE Resources cleared in the auction
- With the EE addback MW quantity equal (or nearly equal) to the cleared EE Resource MW quantity, the clearing price impact concern of the problem statement is minimized
- Implementation of new EE addback method is proposed to be effective with all RPM Auctions conducted for the 2023/2024 Delivery Year and all subsequent delivery years

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## EE Addback in RPM Auctions



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