

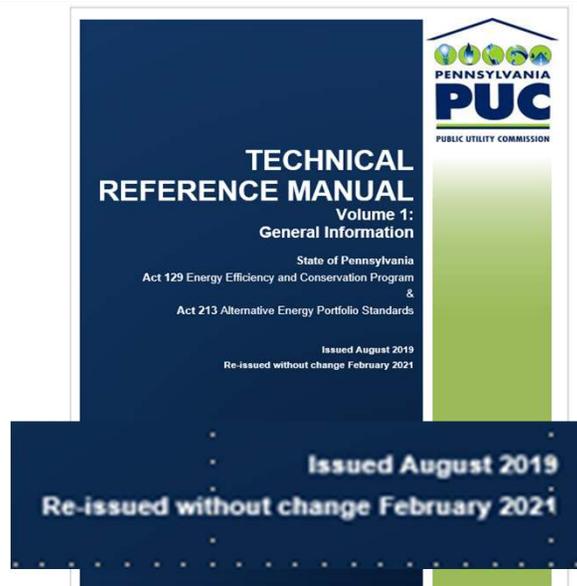


Manual 18B Proposed Changes

MRC – March 20, 2024



Current TRMs do not meet proposed Manual 18B 3-year requirement



In Phase IV, the Commission continued to utilize the TRM as a component of the EE&C Program evaluation process. The Phase IV Implementation Order² and 2021 TRM Final Order³ directed the SWE to provide an annual recommendation to the Commission regarding potential updates to the 2021 TRM based on changes to codes, standards, and ENERGY STAR specifications since the 2021 TRM was adopted. **The Commission is now beginning the process of creating the 2026 TRM update.**

1/3/24 Secretarial Letter



Causality language doesn't match PJM's explanation of its intent.

- How can I demonstrate EE was purchased and installed because of participation in the wholesale capacity market in order to use the “current” baseline?
 - Officer certification
 - Payback analysis (number of years to recoup EE investment through retail bill savings significantly reduced by EE Provider incentive to the customer for the investment).
 - Other

These are medium term proposed changes – MIC will continue discussion on broader enhancement

From 3/6/2024
PJM MIC
Presentation

6.3. 'Current Load' Baseline: For projects in which replacement, modification or removal of equipment and controls in systems or buildings are not planned independently of the Energy Efficiency initiative that is being offered into the RPM Auction or committed to an FRR Capacity Plan, the Baseline Condition is the kW load of the existing equipment across the Energy Efficiency Performance Hours and winter performance hours under pre-retrofit conditions. This baseline may only be used for retrofit or replacement projects, where the Energy Efficiency Provider can demonstrate and provide evidence that the project would not have occurred absent participation in the wholesale market and for which the existing Energy Efficiency measure or device that is replaced or retrofitted is still fully operational and expected to be used during the installment window.

From PJM Manual
18B proposed
changes

CPower differences from PJM proposal

- 1. Extend from 3 years to 5 years the eligibility of a state or regional TRM** – While it is apparent PJM wants to have an age limit on TRMs, 3 years is unreasonably short for a couple of reasons. First, as perhaps the most obvious example, the PA PUC is one state that actually *does* have a process where the state approves a TRM. They do so on a 5 year basis, per law, 66 Pa. C.S. 2806.1(c)(3). The 3 year limit in the current PJM draft renders the currently valid TRM in PA obsolete as of March, 2024. The next updated TRM will be effective for 2026.* This means that any installations from now thru 2025/26 would suddenly become ineligible to use the current load baseline. There has never been an age limit before on TRMs. Having a 5 year limit would at least align with the practice of the most procedurally aligned state in PJM. Second, PJM is proposing this expedited approval in order to impact market participant decisions for the 25/26 delivery. It will be important to know whether the current TRMs in widespread use today will be valid or not at the time of the auction. If the 3 year limit remains, EE providers have to assume they are not valid. It would not be appropriate or fair to invalidate what the PA PUC or other states have been doing for years without objection.
- 2. Change ‘but for’ standard to “direct connection to” wholesale market participation** – In the MIC presentation materials and discussion when PJM describes how the draft standard could be met, it is clear that PJM is not really seeking a ‘but for’ standard. Rather, PJM is proposing a causal link to the EE capacity participation in PJM. CPower has heard anecdotally that there are situations in which an aggregator may acquire retail sales records without any nexus to the wholesale market in order to claim EE capacity. If that is actually happening, and CPower does not have information that it is or is not, CPower does not defend that practice. PJM wants a rule that distinguishes legitimate from illegitimate activities, and the amended language CPower proposes achieves that without creating problematic causality situations (e.g. proving how a customer receiving weatherization assistance was influenced by the wholesale market).
- 3. Allow PJM discretion for EE provider demonstrating post-installation validation of projects** – CPower supports PJM’s effort to add rigor to project verification. Nevertheless, there are “Personally Identifiable Information” (PII) issues and other practical challenges if the only means to do so is end use customer information. The addition of “if requested by PJM” is intended to ameliorate this concern. CPower suggests the language should more clearly state that end use information is not the only means possible, while leaving it to PJM to determine what type of information will be satisfactory.

* - <https://www.puc.pa.gov/filing-resources/issues-laws-regulations/act-129/technical-reference-manual/>