

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

PJM Interconnection, L.L.C.

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Docket No. ER24-2995-000

**COMMENTS OF THE INDEPENDENT MARKET MONITOR FOR PJM**

Pursuant to Rule 211 of the Commission’s Rules and Regulations<sup>1</sup> Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor (“Market Monitor”) for PJM Interconnection, L.L.C. (“PJM”),<sup>2</sup> submits these comments responding to the filing submitted by PJM Interconnection, L.L.C. (“PJM”) on September 6, 2024 (“September 6<sup>th</sup> Filing”). In the September 6<sup>th</sup> Filing, PJM proposes “to prospectively sunset Energy Efficiency Resource participation in PJM’s wholesale capacity market, known as the Reliability Pricing Model (“RPM”), beginning with the Base Residual Auction that is associated with the 2026/2027 Delivery Year.”

The Market Monitor agrees with PJM’s objective in the September 6<sup>th</sup> Filing. That objective is to eliminate the subsidy payment by PJM customers to energy efficiency resources that are not capacity resources under the tariff. The September 6<sup>th</sup> Filing provides needed clarification to the market rules and should be approved as filed.

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<sup>1</sup> 18 CFR § 385.211 (2024).

<sup>2</sup> Capitalized terms used herein and not otherwise defined have the meaning used in the PJM Open Access Transmission Tariff (“OATT”), the PJM Operating Agreement (“OA”) or the PJM Reliability Assurance Agreement (“RAA”).

However, the Market Monitor does not agree with PJM's description of the current situation in the PJM Capacity Market. EE is not a capacity resource under the tariff and has not been treated as a capacity resource by PJM since 2017.<sup>3</sup> By definition, the PJM market rules explicitly include in the capacity market only EE Resources "not reflected in the peak load forecast prepared for the Delivery Year for which the Energy Efficiency Resource is proposed."<sup>4</sup> After PJM did include energy efficiency in the PJM forecast, PJM correctly recognized that energy efficiency was no longer a capacity resource. As one example, energy efficiency was not permitted to displace real capacity resources. Nevertheless, in reliance on rules included only in PJM Manual 18 (the addback rules), PJM has required customers to pay the capacity market clearing price as a subsidy to energy efficiency resources that do not meet the definition of an EE Resource.<sup>5 6</sup>

The September 6<sup>th</sup> Filing will bring needed clarification to the market rules concerning energy efficiency. By confirming the removal of energy efficiency from the capacity market construct, the September 6<sup>th</sup> Filing protects the efficient operation of its markets. The September 6<sup>th</sup> Filing should be approved.

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<sup>3</sup> Revisions to the PJM load forecast to incorporate energy efficiency were endorsed at the November 19, 2015, MRC with EE explicitly incorporated in PJM load forecasts beginning with auctions conducted in 2016 for Delivery Years starting with 2016/2017. *See* Approved Minutes from the Markets and Reliability Committee, (December 17, 2015).

<sup>4</sup> RAA Schedule 6 § L.1, *see also* OATT Attachment DD-1 § L.1.


<sup>5</sup> "Energy Efficiency Resources" or "EE Resources," when capitalized, means Energy Efficiency Resources as defined in the OATT Attachment DD-1 § L.1 and RAA Schedule 6 § L.1. When not capitalized, "energy efficiency resources" or "EE resources" means resources that are referred to or treated as energy efficiency resources even though they do not satisfy the definition included in the filed tariff.

<sup>6</sup> *See Independent Market Monitor for PJM v. PJM*, Docket No. EL24-126 (July 10, 2024). The Market Monitor and PJM jointly moved to place this complaint proceeding in abeyance because PJM committed to submit the September 6<sup>th</sup> Filing. By order issued September 16, 2024, the motion was granted.

PJM's specific proposed revisions are sufficient to accomplish the objective of the September 6<sup>th</sup> Filing. In order to provide even greater clarity, the Market Monitor recommends that, in a separate future tariff clean up filing, PJM remove all references to energy efficiency as a capacity resource.

The Market Monitor respectfully requests that the Commission afford due consideration to this pleading and approve the September 6<sup>th</sup> Filing with an effective date of November 6, 2024.

Respectfully submitted,



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Dated: September 27, 2024

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Eagleville, Pennsylvania,  
this 27<sup>th</sup> day of September, 2024.



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