

**IN THE MATTER OF THE PETITION
OF ATLANTIC CITY ELECTRIC
COMPANY FOR APPROVAL OF AN
ENERGY EFFICIENCY PROGRAM,
COST RECOVERY MECHANISM AND
OTHER RELATED RELIEF FOR PLAN
YEARS ONE THROUGH THREE**

**IN THE MATTER OF THE
IMPLEMENTATION OF P.L. 2018, c. 17
REGARDING THE ESTABLISHMENT
OF ENERGY EFFICIENCY AND PEAK DEMAND
REDUCTION PROGRAMS**

STATE OF NEW JERSEY

BOARD OF PUBLIC UTILITIES

BPU DOCKET NO. EO20090621

BPU DOCKET NO. QO19010040

PUBLIC COMMENTS OF CPOWER

Pursuant to the Pre-Hearing Order and Notice to Customers of Atlantic City Electric Company's Public Hearings and Opportunity for Public Comments in the above-captioned proceedings dated February 19, 2021, Enerwise Global Technologies, Inc., d/b/a CPower (hereinafter "CPower"), submits public comments for the record of this proceeding.

CPower is a leading provider of demand side energy solutions in New Jersey and throughout North America. CPower actively participates in the PJM Interconnection capacity market known as the Reliability Pricing Model ("RPM") with both energy efficiency and demand response resources and serves customers in the Atlantic City Electric Company ("ACE" or "Company") service territory. CPower supports ACE's Petition but submits these comments to articulate how the administration of the Energy Efficiency Program may be improved to deliver better results for customers. As discussed below, ACE's consultant's projections for participation of Energy Efficiency as a Resource in RPM are exceedingly low. CPower does not point to criticize ACE's program, but rather to focus the Board of Public Utilities ("BPU" or "Board") and ACE on where an opportunity exists to implement the program in a way that optimizes the opportunity to deliver more efficiency benefits at lower costs.

CPower respectfully submits two recommendations:

1. The Company should increase its projections for Energy Efficiency As a Resource Participation in RPM, consistent with the BPU’s mandate to maximize participation starting from a 100% goal for bidding the MW Bid Target Reduction into the Base Residual Auction¹ (“BRA”).²
2. ACE should be strongly encouraged to leverage a third-party provider to achieve the program requirements for participation in RPM through the qualification of projects and the ultimate monetization in the PJM RPM. ACE should hold that provider to a “high standard”³ for maximizing participation and resulting revenue that can be generated in the PJM market that can further supporting ACE’s Energy Efficiency Program.

1. Increase in projections for Energy Efficiency As a Resource Participation.

ACE projections for future EE participation in the RPM auction are as follows⁴:

APPENDIX D – ENERGY EFFICIENCY AS A RESOURCE PROJECTIONS

EE Installation Period	EE Plan Potential Summer MW	EE Plan Potential Winter MW	EE Plan Potential CP MW	Potential DY 24/25 EE CP MW	Potential 25/26 EE CP MW
20/21	0.0	-	-	n/a	n/a
21/22	0.6	0.5	0.5	0.5	0.5
22/23	1.0	0.8	0.8	0.8	0.8
23/24	1.3	1.1	1.1	1.1	1.1
24/25	n/a	n/a	n/a	n/a	n/a
Totals	2.9	2.4	2.4	2.4	2.4

¹ Base Residual Auction refers to the initial PJM capacity auction that typically occurs three years in advance of the delivery year. It is in the BRA when the bulk of the PJM capacity requirements are procured, and when prices are generally higher than the Incremental Auctions occurring in the intervening years prior to the delivery year.

² Order Directing the Utilities to Establish Energy Efficiency and Peak Demand Reduction Programs (“Order”), New Jersey Board of Public Utilities Docket No. QO19010040, June 10, 2020, at pp. 28-29

³ Ibid, at p.29.

⁴ Petition, Docket No. EO20090621, Schedule (BJB)-2, Appendix D of the Company’s Energy Efficiency Program Plan at page 127.

The Board established that “[e]ffective participation in the PJM marketplace from EE is critical to ensure appropriate economic benefits.”⁵

CPower understands the position that ACE is in from the perspective of risk and complexity associated with participating in RPM, especially in light of the BPU’s directive to target participation in the BRA auction that typically occurs three years in advance of delivery. Nevertheless, while there are only very limited details concerning the estimates used to determine PJM eligible energy efficiency capacity⁶, the projections appear overly conservative and establish a very low bar for PJM participation.

In contrast to ACE’s projected offer of 2.4 MW, the PJM BRA Results report for the most recent 2021/22 Delivery Year shows that 42.4 MW of Energy Efficiency capacity cleared in the BRA in the Atlantic City Electric zone. A large percentage of the 42.4 MW of cleared Energy Efficiency capacity were offered by third-party PJM members not affiliated with ACE, which have been distributing revenue obtained from RPM to support the installation of energy efficiency equipment into the facilities of customers of ACE, including CPower. As a result of the Board’s determination that the ACE should offer the capacity associated with its Energy Efficiency Programs rather than allow capacity rights to remain with customers, it is expected that there will be a significant diminution of third-party participation with energy efficiency resources in RPM in the ACE service territory.

Unless ACE fills the void created by the expected diminution of participation of Energy Efficiency resources in RPM by third-parties in its service territory, there will be a significant backslide in participation. Given ACE’s projection of only 2.4 MW as of the third year of the program, that backslide would appear all but inevitable unless ACE’s target levels of participation are increased.

⁵ Order, at p.30.

⁶ Petition, Appendix D at page 77.

2. Utilize a third-party provider to achieve Energy Efficiency As a Resource requirements.

The Board's Order contemplates and expressly provides for New Jersey utilities to utilize a third-party provider to achieve the program requirements associated with participation in the PJM marketplace.⁷ While ACE proposes to extensively utilize third-parties to support program administration, ACE does not appear to propose utilize a third-party to support participation of Energy Efficiency As a Resource in PJM RPM.⁸ ACE omits proposing a third-party to support measurement and verification (M&V) to qualify energy efficiency projects for PJM, nor for participating in PJM RPM auctions to monetize Energy Efficiency Resources.

ACE should be further encouraged to utilize a third-party rather than manage this aspect of the program. ACE's conservative projections for participation are understandable given the substantial risks and complexities of participation in RPM, including the newly enacted Minimum Offer Price Rule (MOPR) requirements of PJM, as well as the high standard to which it will be held by the Board for implementation of the program.⁹

The BPU has authorized an appropriate performance incentive and penalty structure mechanism for utility programs generally.¹⁰ That notwithstanding, CPower respectfully asserts that this structure, as applied to offering energy efficiency resources into the RPM, suggests that utilities need to be excessively risk averse. While there is risk inherent to wholesale market participation, there seems to be little upside potential to ACE available under the program for successfully optimizing Energy Efficiency as a Resource participation in PJM. Accordingly, CPower respectfully recommends that ACE should focus

⁷ Order, at 29.

⁸ To avoid confusion, CPower clarifies that ACE should utilize a third-party to support ACE's obligations under the Board's Order, and is not proposing a change to the Board's Order.

⁹ Order at page 29.

¹⁰ Order at 27-28.

on what it does best in ensuring successful program administration, and work with a third-party provider that is expert in Energy Efficiency As a Resource participation in RPM.

In order to generate revenue from the RPM for the benefit of the utility's Program, ACE or its third-party agent needs to prepare and attest to a qualified sell offer plan, post collateral and satisfy bid requirements including resource specific exceptions to the MOPR, offer into RPM, complete the analyses to comply with the measurement and verification requirements of PJM Manual 18B, and provide post installation measurement and verification to obtain PJM approval for installed resources to satisfy a capacity obligation. This is significant amount of specialized effort for what ACE projects today as a relatively small revenue opportunity.¹¹ While CPower respectfully asserts that there exists a significantly larger opportunity to maximize revenues in the program for the benefit of customers, at such low volumes projected by ACE it would only make sense to utilize a third-party to handle this aspect of program administration.

If ACE's projections are an accurate estimate of the eligible potential, it is doubtful that it would be an efficient use of ratepayer dollars for ACE to incur the administrative expense of participation in RPM. While a third-party provider could certainly assist to maximize the volumes to be offered, if ACE's projections of relatively low RPM participation are correct, it would seem prudent for ACE to utilize a third-party to this element of the ACE program.

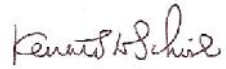
Conclusion

CPower supports ACE's Petition for its Energy Efficiency Program. In order to achieve the Board's vision as outlined in its Order, ACE should be encouraged to work with a third-party provider to increase its

¹¹ If the 21/22 BRA pricing holds steady in future years, the totality of revenue from BRA participation for ACE's 2.4 MW projection would be \$145,180.

targets and for implementation of the Energy Efficiency As a Resource components of its program as is already provided for per the Board's order.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kenneth D. Schisler".

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