



Demand Response Subcommittee Final Proposal Report

Date (December 7, 2017)

Issue Summary

Submittal Deadlines: File with FERC prior to January 2017 to ensure rule changes are confirmed well in advance of DR plan submission deadline on 4/18/2018. This will allow PRD that is impacted by rule changes to modify their PRD plan and potentially participate as DR if preferred.

Problem Statement/Issue Charge: PRD review for CP requirements

Problem Statement brought forward by PJM

Problem Statement/Issue Charge approved at June 7, 2017 MIC

Number of Meetings covering this topic: 10

1. Recommended Proposal

The PJM proposal will update the following to align PRD with current CP requirements and make consistent with previously discussed and approved DR changes:

- Require PRD to perform (reduce load) all year, including the winter period. This is comparable with all other CP resources,
- Update registration nomination to be minimum of summer and winter capability,
- Use CP credit rate to participate in auction,
- Update penalty rate to be consistent with CP penalty provisions and apply on an hourly basis,
- Apply addbacks to determine unrestricted peak load forecast and next year's peak load contribution (or winter peak load) based on when PRD is required to reduce load,
- Trigger performance assessment and penalties based on Performance Assessment Intervals when appropriate real time LMP > PRD energy price, and
- Make PRD eligible to receive bonus payments.

2. Alternate 1 Proposal

The Calpine proposal is the same as the PJM proposal except the trigger for performance assessment and penalties is only based on Performance Assessment Intervals and does not include an energy price component.

3. Comparative Summary

The PJM proposal includes LMP > PRD energy curve as part of the performance assessment trigger because energy prices are the catalyst to reduce load. The reason it is called "Price Responsive Demand" is because



customers will make the commitment to reduce load when energy prices are above a certain level. The Calpine proposal does not include an energy price trigger because it is not consistent with the trigger for other (generation) types of capacity resources.

4. Standing Committee Results (MIC)

PJM proposal = 83% support

Calpine proposal = 62% support

Appendix I: Proposals Not Meeting the Threshold

The IMM proposal received 15% support from the MIC. The IMM proposal does not require PRD to reduce load in the winter if the customer's load is already low in the winter (for example – a customer that can only reduce AC load would qualify for CP because that load does not exist in the winter). The IMM proposed to use the old DR measurement and verification method to meet the CP annual requirements (the old DR methodology was updated based on CP and approved by FERC). The IMM proposal also looked to updated penalty rates and provisions based on the current CP rates and provisions.

Appendix II: Supplemental Documents

Please see MRC 12/7/17 meeting for redline Governing Document and Manual revisions. Note that the Whisker proposal included in the solution matrix was withdrawn at the MIC meeting and therefore not outlined in this report. The Whisker proposal was withdrawn since member that developed the proposal supported the last minute proposal submitted by the IMM at the MIC.

[MIC PRD Solution Matrix](#)

[MIC Solution comparison examples](#)