



# CSP2 Proposal Load Management Testing

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# Where we are today



- PJM1a and CSP2 are results of important compromises
- Some remaining differences have big significance to Enel X (particularly week testing window)
- This presentation will focus on opportunities to consolidate, should PJM and stakeholders agree

# Background: System conditions and Load Management (Demand Response) in real events



- In real grid emergencies, a black out is a serious threat to the full grid, including LM customers. A black out can cause physical damage to customer assets and put employee safety at risk.
- Customers receive an incentive payment (starting at \$1,000/MWh) for LM performance in addition to avoiding their own cost of lost load (difficult to quantify). Result: Customers have always showed up in a real event!
- Load forecasts 7 days forward provide a week ahead suggestion that an event may be on horizon. In addition, in most grid emergencies, a Hot/Cold Weather Alert generally precedes the LM event.

# Interest Identification



- Example Interests represented in CSP2
  - “Testing results consistent with expected performance during LM events under various conditions”
  - “Load not paying for winter testing through uplift”
  - “LM will be compensated for test events”
  - “Avoid unnecessary testing”

## Key difference: Week-Ahead Notification (Component 12 a)



- Key Concern: If the RTO gives relatively little notice of a test and compensates at only LMP, as is the plan in both proposals (say ~ \$30/MWh), will LM test performance indicate anticipated performance as in a real event?
  - Will the test results be biased negatively because customers aren't incentivized in same way as in a real event?
- Background: In real LM events, with or without much advanced notification, LM customers have performed extremely well (97% among historic events).
  - Customers are paid a strike price (\$1,000/MWh and above based on lead time) to perform. Customers also face the risk of loss of load (expensive, but difficult to quantify).

Key difference:

Week-Ahead Notification (Component 12 a) -

Continued



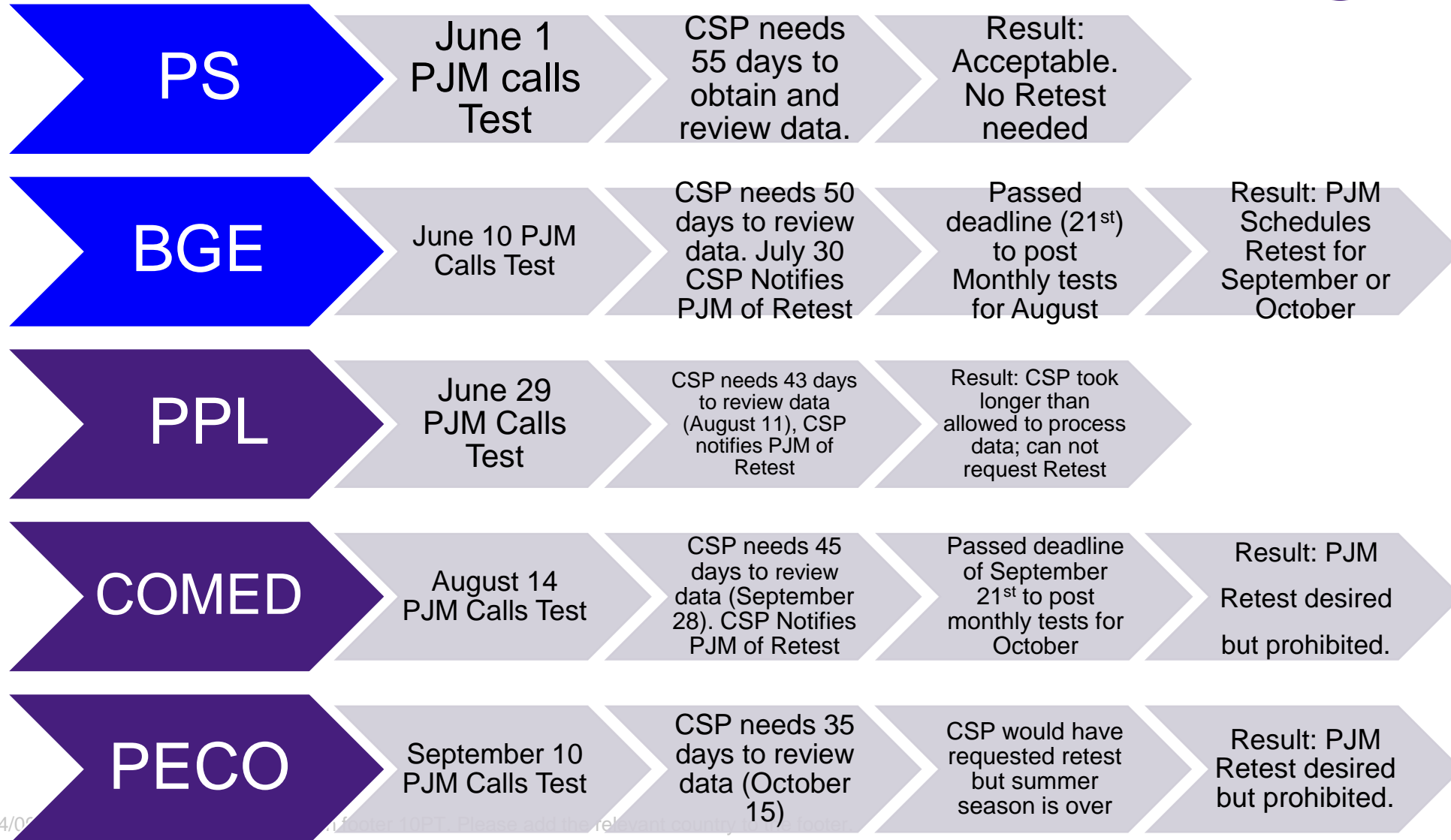
- Impact: RTO procures less DR than is capable of performing in real event. Reliability is reduced. Load pays for more expensive units.
- **Solution: A week window of the upcoming test.**
  - This is common in other RTOs.
  - Balances RTO's desire for surprise with actual test-day economics.

## Other Differences with PJM1a and Areas to Understand Better



- Windows - PJM1a testing windows do not differentiate between test and retest. This enables the RTO to call a test at times (ex: September) when it would not leave sufficient time to conduct a PJM retest in the season should it be requested (Component 4). Why not make more clear / set specific periods for test or retest?
- Retest Request Process – Rapid “retest/no retest” decision deadline (Component 8).
  - CSPs rely on customer utility data after a test. Obtaining the data may take longer than just the end of the billing month. 60 days is usually sufficient.
  - PJM1a’s proposal gives 31-59 days to request a retest depending on when PJM schedules the initial test. If the available time were on the 30-day side, this could be insufficient simply from a data processing and review standpoint.
  - Why not give 60 days as standard amount of time?
  - CSP2 gives sufficient time while respecting need to get data in time to PJM for scheduling retest.
- PJM presentation highlights other areas of differences /potential consolidation for discussion.

Continued – Concerns on PJM1a that may lead to discriminatory PJM retesting process. See theoretical examples below.



These Examples Showcase Key Concern Areas



## Conclusion



CSP2 accepts most PJM1a elements but has key differences that are vital to fairly account for Load Management Demand Response as an emergency and pre-emergency resource to PJM.

Thank you

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# Appendix



	DR Status Quo	Gen Status Quo
Duration	1 hour	1-2 hours 1 Hour for infrequently used resources
Scheduling Test	Capacity Owner	Capacity Owner
Seasons	Summer – Jun-Sept	Summer and Winter Winter met through data adjustment
Test Limit	No limit	No limit
Retest Limit	No Limit	No limit
Test shortfall Impact	Full year	Until next full test