

Supporters on RASTF PJM Issue Charge

PJM Markets & Reliability Committee

December 15, 2021

Support the PJM Issue Charge

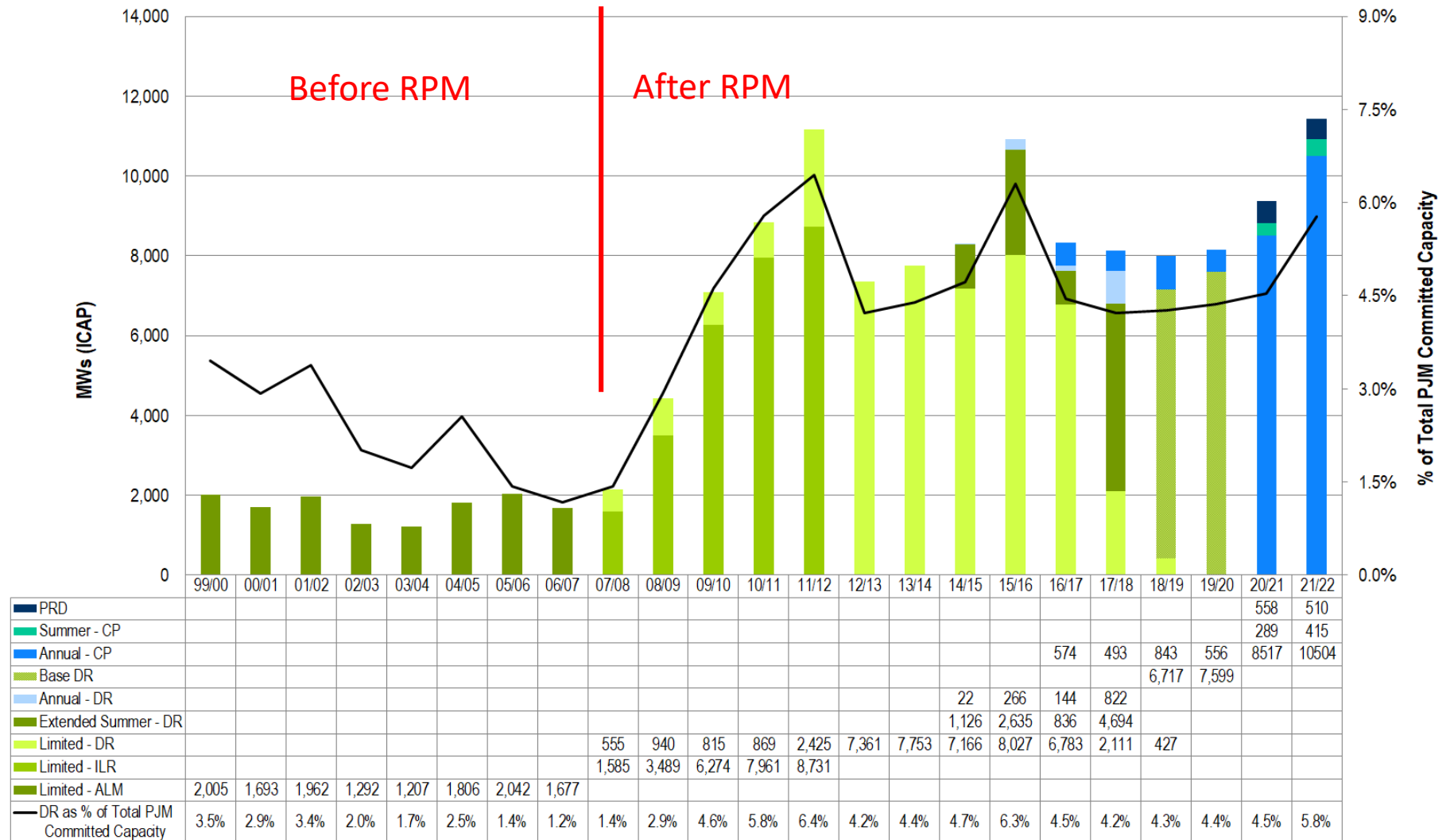
- PJM's Issue Charge properly labels "Removing DR as a supply resource" as out of scope
- PJM and stakeholders thoughtfully developed a "holistic" Issue Charge
- FERC Order 719, U.S. Supreme Court and years of precedent support DR participating as a supply resource

Consideration of removing DR would be divisive and time consuming

- Supporters cannot support any package that includes fully removing DR, a critical reliability resource that is cost-effective
- We believe that this would doom stakeholder and FERC support for such a package
- The PJM Issue Charge does not preclude consideration of alternate DR approaches from status quo, which *if proven viable in actual implementation*, could lead to considering removal of DR from supply resources

Background: DR participation as supply has been a success

DR treatment as a supply resource began with RPM



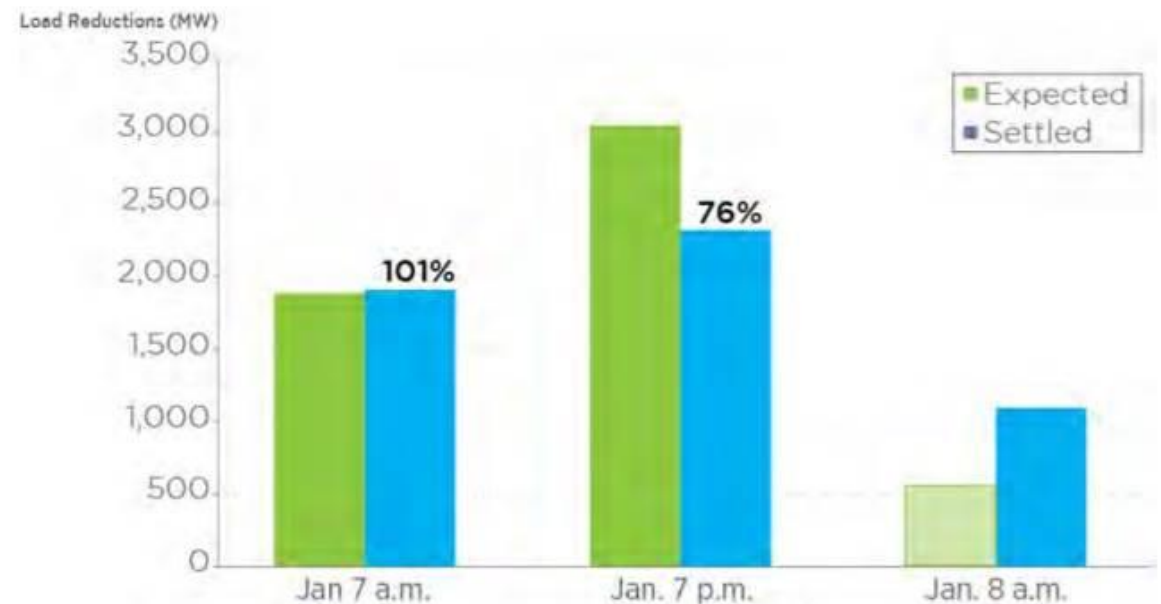
Background: Serving as a supply resource enables DR to be dispatchable to PJM operations

“Although demand response is usually only needed by grid operators in the summer, operators also successfully deployed it during the power emergencies occasioned by the bitter cold “Polar Vortex” weather in January 2014. As PJM set multiple winter peak records early that month, it called on demand response, and received more megawatts as load reductions than it could obtain as generation from all but the very largest generating stations.”

“In the midst of those challenging conditions, demand response— responding to PJM’s dispatch as a wholesale market resource— helped maintain the reliability of the system.”

(USCA Case 11-1486, July 7, 2014 citing PJM Analysis of Operational Events and Market Impacts During the January 2014 Cold Weather Events, May 8, 2014)

Figure 11: Polar Vortex Demand Response Performance



Background: DR supply resource increases cost-effectiveness of wholesale markets

PJM Consumer Advocates: “Aggregated Demand Response has a clear beneficial impact on PJM’s markets, operations and reliability planning. To separate Demand Response from market participation will increase prices, confuse operations and make planning unnecessarily complex. The operational impacts will make it more difficult to balance and schedule the minute-to-minute control of the system. Disrupting reliability planning creates uncertainty about capacity and transmission requirements, both of which are critical to long-term reliability. The totality of the impact of the Opinion could result in undermining efforts by FERC, PJM and the PJM stakeholders to protect reliability.” (RM 10-17, June 27, 2014)

PA PUC: “Without the availability of cost-effective demand response service in the wholesale market, RTOs/ISOs are forced to procure additional generation to assure reliable electric service at significantly higher costs to electric consumers. The benefit of demand response service in the wholesale market includes lower wholesale market prices, lower aggregate system capacity requirements, systemwide reliability benefits; i.e., reduced likelihood of forced generation outages and reduction in the potential for the exercise of generator market power.” (USCA 11-1486, July 7, 2014)

MD PSC: “Demand response has demonstrated its utility to PJM and its participation in PJM’s wholesale markets has become indispensable.” (EL14-55, October 22, 2014)

Supporters of PJM Issue Charge

- Advanced Energy Economy
- Advanced Energy Management Alliance
- Centrica Business Solutions
- COI Energy
- EnergyHub
- Enel North America/Enel X North America
- Ictec Energy Services
- Innoventive Power LLC
- PJM Industrial Customer Coalition
- LS Power/CPower
- NRG Curtailment Solutions
- Pine Gate Renewables
- Resideo
- Rodan Energy Solutions
- Voltus, Inc.

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