

Price Responsive Demand (PRD) Review for CP Requirements – key differences with PJM proposal



Terri Esterly

Sr. Lead Engineer

Market Implementation Committee

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- Nominated PRD Value calculation based on customer's Peak Load Contribution ("PLC") and Weather Adjusted Winter Peak Load ("WPL")
 - PLC is current best estimate of customer specific capacity requirement
 - Consistent with DR nomination process
 - Customer may only nominate capacity based on customer specific capacity responsibility
 - Simple and clear process for members
- Concerns with use of the scaling factor
 - PLC is current best estimate of customer's capacity requirement for the Delivery Year
 - We do not know if customer specific usage will go up or down and therefore should not adjust.
 - Complexity – PLC is known prior to DY, application of adjustment where some zone < 1 and other > 1 could lead to confusion.

- PJM investigated a proposal for similar adjustment to FSL for DR compliance in 2012. PJM determined the proposal would result in negative impact on meeting the LOLE criterion.
- Make consistent with well established DR method – a load reduction from demand side (PRD) should be the same as a load reduction from the supply side (DR)
- Transparent and simple approach for performance calculation.
 - Adjustment factor may not be finalized at time of billing PAH for all other market resources.

- As a result of upward adjustment of FSL, demand reduction during a PRD event may be less than the Nominated PRD Value committed. This could result in more load on the system than planned for based on RPM commitments and have a negative impact on PJM reliability.
- The amount of unexpected, additional load can be approximated by the ratio of the forecasted unrestricted CP load to the actual unrestricted CP load from the preceding summer.
- Any year with a (CP/CP Forecast) ratio greater than 100% could result in unexpected load. The additional load would be equal to (CP/CP Forecast – 100%).

- PRD is a demand-side commitment that is reflected in the BRA planning parameters as a VRR Demand Curve shifted leftward by the PRD commitment level
- All supply-side Capacity Resources (either as a stand-alone resource or through aggregation) and all demand-side PRD commitment must meet the annual requirements of CP
- Facilitated aggregation (matching of Summer Period CP Resource with Winter Period CP Resource) occurs as supply-side Capacity Resources are cleared up to the intersection of the VRR curve
- Facilitated aggregation of supply-side Capacity Resources (Gen, DR and EE) with demand-side PRD commitment likely not feasible from clearing algorithm perspective