

Executive Summary for Package D

Key Issue

Proposal A (PJM) and Proposal D are virtually the same, albeit on one essential item: eligibility (Design Component 2m). This pivotal issue is the difference between a solution that saves load money (the goal of a peak shaving program) and a solution that costs load more than the status quo. Forcing a customer to choose between peak shaving and emergency demand response, may reduce the MWs participating in total from the status quo, thereby raising costs to all customers.

Background

- The original Problem Statement opens the possibility that Summer-Only Resources left out of CP should be able to participate in a new load forecast reduction mechanism.
- In our view, “Resources” from a reliability perspective, include individual customers left out of CP, and also summer-only MWs from customers that also have year-round CP. There is no difference from a reliability perspective as to whether a summer-only curtailment ability is with a customer that also has additional year-round curtailment capability, or if it is at a customer site that only has summer-only demand. In fact, most customers have year-round demand.
- To help reduce costs among all ratepayers, customers with large summer peaks often participate in state peak shaving programs, such as Act 129 in Pennsylvania, along with PJM’s Capacity Performance.
- Under Proposal A, PJM’s Proposal, customers would be unreasonably forced to decide to participate in either capacity programs, or the new Load Forecast Adjustment.

Proposal D Allows Dual Participation

- Proposal D more accurately integrates state peak shaving programs and increases reliability.

Implementation of Dual Participation

- Nomination
 - Customer distinguishes which load is seasonal and which is annual.
- Planning
 - PJM Planning updates historic load as it does under Proposal A.
- Event Compliance
 - Event compliance measured with CBL for LFA; PLC for CP portion.
 - In occasion of simultaneous events, performance cascades with LFA first and CP second.
 - This ensures that a customer dual enrolled is incentivized to meet all requirements.