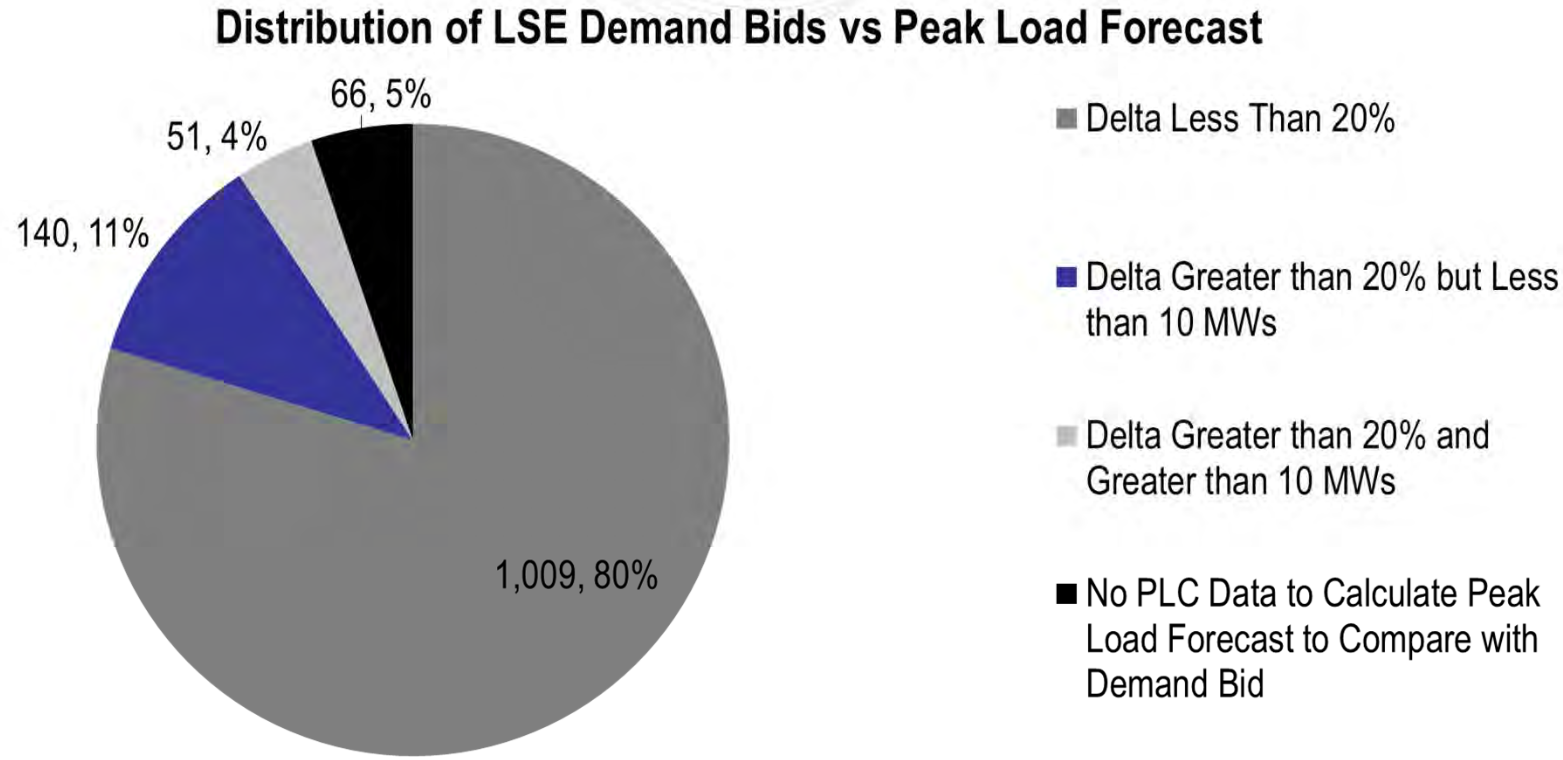
Potential Demand Bid Volume Limits

Credit Subcommittee
April 4, 2014
Suzanne Daugherty

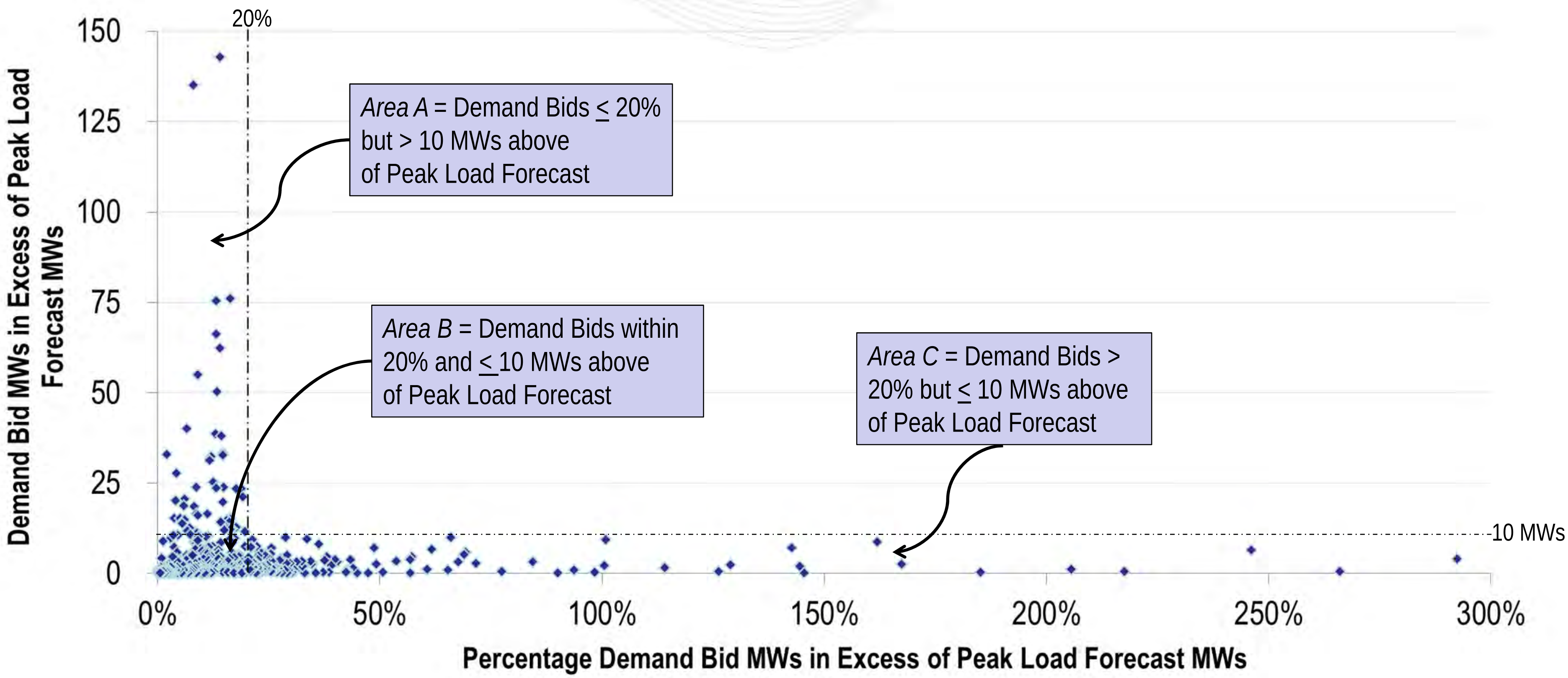
Initial Demand Bid Volume Limit Concept Analyzed

- Objective – Reduce the risk of material costs accruing on demand bids in excess of the load-serving commitments of the LSEs entering those demand bids
- Potential Limit – Demand Bids must be both $\leq$ 20% and $\leq$ 10 MWs above the load-serving entity's peak load forecast for the operational day
- Potential peak load forecast:
  - Each LSE's share of the total daily peak load contributions (PLCs) for each transmission zone times PJM's peak load forecast for each zone
  - For transparency, intend to have a file of calculated peak load forecasts by LSE by transmission zone available daily two days prior to the applicable operational day
- Demand bids in excess of limit would not be accepted into the day-ahead market system

January 7, 2014 Demand Bid Volume vs Peak Load Forecast



January 7, 2014 Real-Time Peak Load vs PLC –
Distribution of LSE Demand Bids < 20% or < 10 MWS in Excess of Peak Load Forecast



Next Steps

- Survey Feedback on Credit Subcommittee's interest in pursuing demand bid limits further
- If survey response is positive, then:
  - Identify and analyze any additional options on how the demand bid limits could be defined.
  - Introduce concept to MIC, MRC and MC in anticipation of Credit Subcommittee recommendation.
  - Votes on Credit Subcommittee recommendation at MIC, MRC and MC.
  - Prepare and submit FERC filing for implementation, if approved by the Commission.
- If survey response is negative, then PJM will evaluate whether risk management benefits of potential demand bid limits merit higher committee discussion absent a Credit Subcommittee recommendation.