

# Demand Response Offers

DERSC

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Skyler Marzewski



Monitoring Analytics

# Demand Response Terms

- **Offer Price is used for Economic DR (Not Capacity).**
  - Price at which load is willing to reduce. Offer price can be changed.
- **Strike Price is used for Emergency/Pre-Emergency DR (Capacity).**
  - Price guaranteed to be paid when Load Management Event dispatched by PJM. Strike price cannot be changed during a delivery year.
- **Shutdown costs are used for both Economic and Emergency DR.**
  - No rules defining shutdown costs.

# Economic Demand Response (Not Capacity)

- **Voluntary offers**
- **Maximum offer price is \$2,000/MWh**
  - Any offers above \$1,000/MWh must be based on verified costs. No rules defining costs.
- **Economic DR makes only price based offers.**
  - No market power mitigation applies, even if DR resources fail TPS test.
- **Shutdown costs are not verified or limited by PJM.**

# Emergency and Pre-Emergency Demand Response (Capacity)

- **Maximum strike price based on lead time:**
  - **Default is 30 minute: \$1,849/MWh**
  - **If approved by PJM 60 minute: \$1,425/MWh**
  - **If approved by PJM 120 minute: \$1,100/MWh**
- **Shutdown costs are not verified or limited by PJM.**
- **Not subject to cost-based offers under Order 831.**
  - **No market power mitigation applies, even if DR resources fail TPS test.**

**Monitoring Analytics, LLC**

**2621 Van Buren Avenue**

**Suite 160**

**Eagleville, PA**

**19403**

**(610) 271-8050**

**MA@monitoringanalytics.com**

**www.MonitoringAnalytics.com**

