

Demand Response Behind the Meter Generation (BTMG) and Environmental Permit Requirements

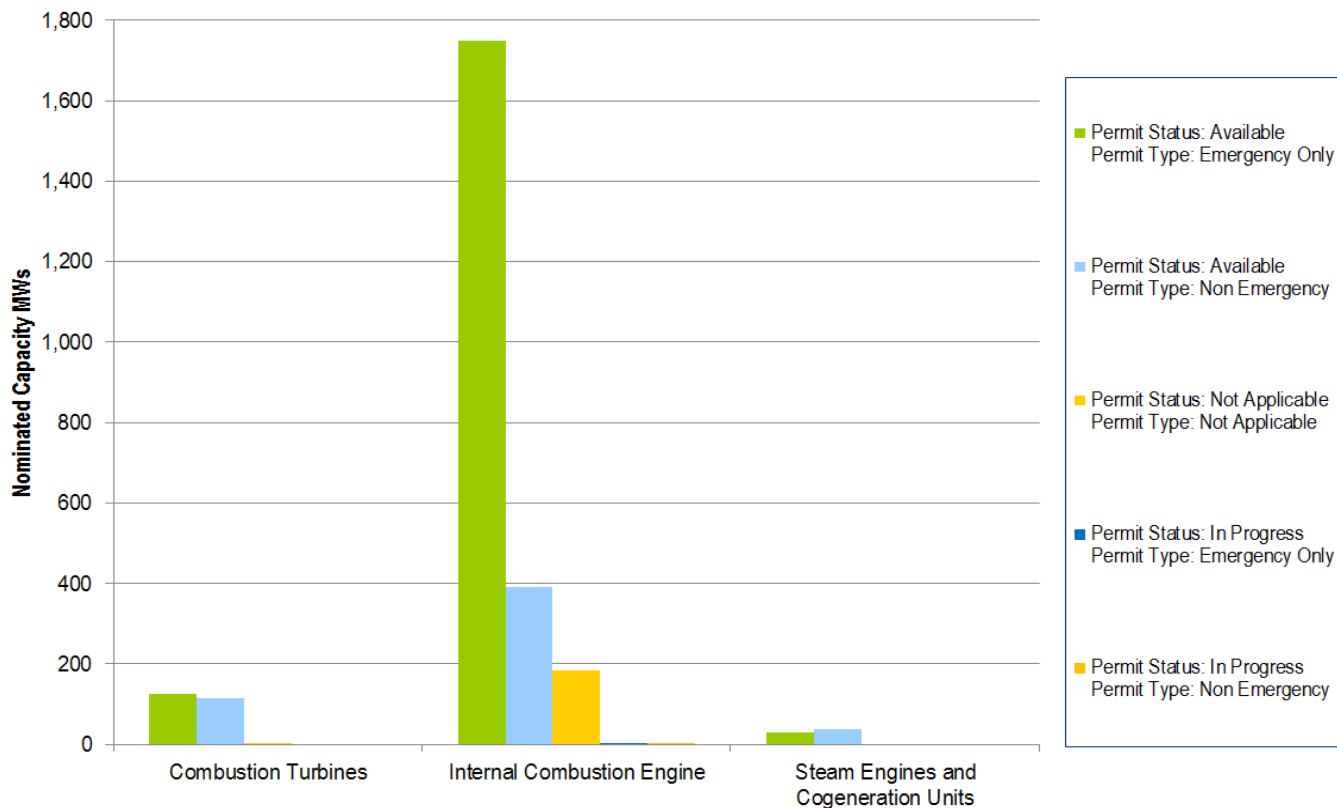
5/16/16

- EPA provided “Guidance on Vacatur of RICE NESHAP and NSPS Provisions for Emergency Engines” on 4/15/16
 - <https://www3.epa.gov/ttn/atw/icengines/docs/RICEVacaturGuidance041516.pdf>

CSPs with BTMG that will be used to reduce load when dispatched by PJM should understand these rules and take appropriate actions

- BTMG may only be used if it can operate when dispatched by PJM and comply with all Local, State and Federal laws (includes environmental permits)
- RPM auction
 - DR plan and associated officer certification
 - “Physical delivery” means BTMG can operate and be in compliance with all necessary permits
- DR Registrations
 - CSP must ensure accuracy of all information reported
 - CSP must report permit type (emergency or non-emergency) and permit status which enables BTMG to operate when dispatched by PJM.
 - CSP may only register locations that can reduce load and not violate any laws
- DR dispatched by PJM must perform or will receive penalty (there are no exceptions due to environmental permit status)

15/16 Delivery Year BTMG that could be impacted



Approximately 1,900 MW that could be impacted

- What should I do if I cannot operate BTMG on 6/1 for PJM dispatch because of environmental permit status?
 - If only one location on registration and BTMG is sole source of reduction then registration should be terminated before 6/1.
 - If only one location on registration but has both BTMG and non-BTMG load reduction capability
 - Edit load reduction capability for BTMG = 0
 - Can not use for PJM dispatch
 - Update registration nominated capacity MW to reflect updated load reduction capability.
 - Update resource type to Pre-Emergency

PJM expects all DR should be registered as “Pre-Emergency” DR

- What should I do if I cannot operate BTMG on 6/1 for PJM dispatch because of environmental permit status?
 - If more than one location on registration and BTMG is sole source of reduction for 1 or more locations then
 - contact PJM by 5/25/16 with list of locations that should be removed from approved registration.
 - PJM will remove locations
 - CSP must update nominated capacity MW on registration
 - See prior slide for instructions on how to handle location with BMTG and non-BTMG capability

Elimination of location may result in registration capacity nomination <100 kw and therefore need to submit on different registration.

- OA/OATT, 1.5A.5 – on-site generators
 - May only be used as allowed by necessary permits
- OA/OATT, 8.4.5 – Registrations
 - BTMG must be operated in compliance with all environmental permits.
- Manual 11, 10.2.2
 - CSP must provide environmental permit type and status that will allow BTMG to participate as DR in PJM.