

Transition process to relieve CSP of RPM commitments for DR that can not be delivered due to 30 minute notification requirement (FERC order on DR operational resource flexibility)

CSTF
8/1/14

- PJM submitted 30 day compliance filing to FERC
 - Waiting FERC approval
- FERC also required PJM to make separate 205 filing on transition mechanism for prior RPM commitments

- 30 minute lead time mandatory for all resources unless physically not capable and qualify for exemption
 - PJM to work with stakeholders on transition mechanism that would allow CSPs that are no longer able to deliver amounts of demand response *[because of 30 minute lead time requirement which becomes effective for 15/16 DY]* previously cleared in PJM's capacity auctions *[through 16/17 DY]* to be relieved of part, or all of, their obligation and have their capacity payments commensurately reduced accordingly.



Timeline for filing to comply with FERC order

Goal is to file tariff changes with FERC on 11/1/14

	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05
CSTF	■	■	■	■					
MRC				■	■				
MC					■				
File at FERC						■			
Order from FERC								■	
Implement								■	■
3rd IA (15/16)									■

Needs to be in place ~ 1 week prior to posting planning parameters for 3rd IA for 15/16 DY (~1/16/15)

- **[1 week prior to posting planning parameters for IA]** – CSP to provide PJM cleared MWs from RPM auction that cannot be delivered due to 30 minute lead time requirement by product by zone prior to IA.
 - 15/16 – CSP must notify based on 3rd IA schedule
 - 16/17
 - Scenario 1: CSP declares non-viable MW based on 2nd IA schedule. CSP may not sell MWs into same constrained LDA (or sub-LDAs) in 2nd or 3rd IA. CSP may also increase non-viable MW prior 3rd IA.
 - Scenario 2: CSP may declare non-viable MW based on 3rd IA schedule if CSP did not sell or offer to sell MW in 2nd IA in same constrained LDA (or sub LDAs)
- **[planning parameters posting date for IA]** – PJM to publish aggregate non-viable DR MWs

Meets FERC direction (relieve obligation & reduce payments) & leverage concept used for revised generator capability verification testing

- **[IA start date]** – PJM to aggregate all adjustments (CSP non-viable MWs, forecast adjustment ,etc.) and include in 1st or 2nd auction if amount exceeds threshold (lessor of 1% or 500 MW – *as currently defined in tariff*) and if it does not exceed threshold then include in 3rd IA
 - PJM to increase capacity procured (or reduce capacity released) in IA (as necessary)
 - Cost will be allocated *consistent with current tariff* provisions for forecast adjustment
 - CSP will not be permitted to sell MWs into IAs for constrained LDA (or sub-LDA) if CSP designated non-viable MWs in same constrained LDA (or sub-LDA).
- **[Prior to start of DY]** PJM to reduce CSP capacity commitment in eRPM by product by zone and prorate amount of non-viable MW as necessary if CSP cleared MWs in multiple auctions
- **[Prior to start of DY]** CSP responsible to register enough DR to cover final capacity commitment or receive daily deficiency charge.
- **[normal bill cycle during DY]** PJM to only pay capacity revenue based on final CSP capacity commitment

- CSPs cleared 1,000 MW of Limited DR in BRA for 15/16 @ \$150/MW-Day
- 1/16/15 – CSPs notifies PJM that 300 MW non-viable due to 30 minute lead time rule (do not qualify for defined exemption)
- 1/23/15 – PJM publishes aggregate non-viable MWs due to 30 minute lead time requirement with other planning parameters
 - Aggregate non-viable DR MW = 300 MW (PJM may need to buy)
 - Forecast adjustment = -200 MW (PJM may need to sell)
- 2/23/15 – 3rd IA Opens – PJM buys 100 MW (300 – 200) in auction
 - CSP is not permitted to sell MWs in constrained LDA (or sub-LDA) with non-viable MWs
- CSPs must register 700 MW of DR before 6/1/15 or receive daily deficiency charge
- CSP will receive 700 MW * \$150 per day for capacity commitment, instead of original 1,000 MW.

- Acme CSP cleared 500 MW of Limited DR in BRA in MAAC for 16/17 @ \$119/MW-Day
- 2nd IA
 - (~6/5/15) CSP notifies PJM that 50 MW non-viable due to 30 minute lead time rule (do not qualify for defined exemption)
 - (~6/12/15) PJM publishes aggregate non-viable MWs due to 30 minute lead time requirement with other planning parameters
 - (7/13/15) 2nd IA Opens – PJM buys in auction as necessary
 - CSP is not permitted to sell (offer) MWs in MAAC
- 3rd IA
 - (1/22/16) CSP notifies PJM that additional 10 MW non-viable due to 30 minute lead time rule (do not qualify for defined exemption)
 - (1/29/16) PJM publishes aggregate non-viable MWs due to 30 minute lead time requirement with other planning parameters
 - (2/29/16) 3rd IA Opens – PJM buys in auction as necessary
 - CSP is not permitted to sell MWs in MAAC
- CSP must register 440 (500 – 50 – 10) MW of DR before 6/1/16 or receive daily deficiency charge
- CSP will receive 440 MW * \$119 per day for capacity commitment, instead of original 500 MW.

- Delta CSP cleared 480 MW of Limited DR in BRA in MAAC for 16/17 @ \$119 MW-Day and 20 MW of Limited DR in 1st IA in MAAC for 16/17 @ \$90 MW-Day.
- 2nd IA
 - CSP does not sell or offer MWs in MAAC
- 3rd IA
 - (1/22/16) CSP notifies PJM that 60 MW non-viable due to 30 minute lead time rule (do not qualify for defined exemption)
 - (1/29/16) PJM publishes aggregate non-viable MWs due to 30 minute lead time requirement with other planning parameters
 - (2/29/16) 3rd IA Opens – PJM buys in auction as necessary
 - CSP is not permitted to sell MWs in MAAC
- CSPs must register 440 (500 – 60) MW of DR before 6/1/16 or receive daily deficiency charge
- CSP will receive $440 \text{ MW} * \$117.84$ ($[480 \text{ MW}/500\text{MW}] * \$119 + [20 \text{ MW}/500 \text{ MW}] * \90) per day for capacity commitment, instead of original 500 MW. Non-viable MWs prorated based on amount cleared in prior auctions.