

Demand Response Legacy Direct Load Control Transition Provision for 2016/2017 – 2018/2019 Delivery Years

Purpose of Transition Provision

The purpose of the Demand Response Legacy Direct Load Control Transition Provision is to relieve Curtailment Service Provider (CSPs) of RPM commitments for Demand Resources that cannot be delivered due to statistical sampling requirements for residential non-interval metered customers effective with the 2016/2017 Delivery Year. FERC Order ER15-1849, issued on 7/23/2015 and effective on 8/3/2015, does not allow use of load research studies or the Deemed Savings Report for compliance and verification of Direct Load Control after May 31, 2016. Instead, CSPs with non-interval metered residential Direct Load Control demand resources are required to use statistical sampling for compliance and verification. The Transition Provision allows CSPs that are no longer able to deliver the amounts of demand response previously cleared in the Base Residual Auction and/or First Incremental Auction for the 2016/2017 Delivery Year, cleared in Base Residual Auction for the 2017/2018 Delivery Year, or cleared in Base Residual Auction for the 2018/2019 Delivery Year due to the statistical sampling requirement for non-interval metered residential Direct Load Control to be relieved of part, or all of, their commitment and have their capacity payments commensurately reduced accordingly.

Overview of the Transition Provision

Eligibility

The Transition Provision applies only with respect to Demand Resources with existing RPM commitments from the 2016/2017 DY Base Residual Auction, 2016/2017 DY First Incremental Auction, 2017/2018 DY Base Residual Auction, or 2018/2019 DY Base Residual Auction that qualified as Legacy Direct Load Control before June 1, 2016 and cannot meet the requirements for using statistical sampling for residential non-interval metered customers (“Affected Demand Resources”).

The transition mechanism requires the party owning one or more affected resources (“Affected Curtailment Service Provider”) to provide notification to PJM in accordance with the deadlines specified in Table 1 if they wish to elect the Transition Provision. Affected CSPs that elect the Transition Provision are subject to restrictions on selling DR in Incremental Auctions for the Delivery Year as specified in Table 1 and as further delineated in Table 2 and 3.

The Affected CSP must provide written email notification via the RPM Hotline at rpm_hotline@pjm.com by the deadline date and indicate in such notification the cleared MWhs

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of unforced capacity that the Affected CSP cannot and will not deliver from Affected Demand Resources (i.e., non-viable MWs) for a Delivery Year by end-use customer site and/or detailed analysis. The Affected CSP must provide the following data for each end-use customer site for a Delivery Year: EDC Account Number, end-use Customer address, Zone or Sub-zonal LDA, Product-type, Non-viable MWs, and a detailed description of why customer cannot comply with the statistical sampling requirement. If applicable, a detailed analysis that quantifies the amount of non-viable MWs for prospective customer sales for a Delivery Year that could not be contracted by Affected CSP because of statistical sampling requirement. The Affected CSP must provide an analysis that supports the non-viable MWs for prospective customer sales for a Delivery Year by Zone or Sub-zonal LDA and by Product-type. The analysis should include the amount of unforced capacity expected from prospective sales for the Delivery Year and supporting detail to substantiate the difference in reduced sales expectations. The Affected CSP must maintain records to support its detailed analysis. Any required supporting information (such as an Excel spreadsheet with end-use customer specific data or the detailed analysis document(s) related to customer sales prospects) must be attached to the email notification.

Table 1 – Election Deadlines and Sell Restrictions associated with the Transition Provision

Elections for:	Deadline:	Restrictions on Selling DR in Incremental Auction:
2016/2017 Delivery Year (First opportunity to declare non-viable MWs for 2016/2017 Delivery Year)	No later than one week prior to posting of planning parameters for 2016/2017 DY Second Incremental Auction – June 6, 2015	May not sell or offer to sell MWs in 2016/2017 Second or Third Incremental Auction in same modeled LDA or sub LDA where Affected Demand Resource is located
2016/2017 Delivery Year (Final opportunity to declare Non-viable MWs for the 2016/2017 Delivery Year. May declare additional non-viable MWs beyond first election)	No later than one week prior to posting of planning parameters for 2016/2017 DY Third Incremental Auction – <i>January 22, 2016</i>	Must not have sold or offered to sell MWs in 2016/2017 Second Incremental Auction in same modeled LDA or sub LDA where Affected Demand Resource is located AND may not sell or offer to sell MWs in

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		2016/2017 Third Incremental Auction in same modeled LDA or sub LDA where Affected Demand Resource is located
2017/2018 Delivery Year (First opportunity to declare non-viable MWs for the 2017/2018 Delivery Year)	No later than one week prior to posting of planning parameters for 2017/2018 DY First Incremental Auction – <i>August 7, 2015</i>	May not sell or offer to sell MWs in 2017/2018 First, Second, or Third Incremental Auction in same modeled LDA or sub LDA where Affected Demand Resource is located
2017/2018 Delivery Year (Second opportunity to declare Non-viable MWs for the 2017/2018 Delivery Year. May declare additional non-viable MWs beyond first election)	No later than one week prior to posting of planning parameters for 2017/2018 DY Second Incremental Auction – <i>June 4, 2016</i>	Must not have sold or offered to sell MWs in 2017/2018 First Incremental Auction in same modeled LDA or sub LDA where Affected Demand Resource is located AND may not sell or offer to sell MWs in 2017/2018 Second or Third Incremental Auction in same LDA or sub LDA where Affected Demand Resource is located
2017/2018 Delivery Year (Final opportunity to declare Non-viable MWs for the 2017/2018 Delivery Year. May declare additional non-viable MWs beyond prior	No later than one week prior to posting of planning parameters for 2017/2018 DY Third Incremental Auction – <i>January 21, 2017</i>	Must not have sold or offered to sell MWs in 2017/2018 First or Second Incremental Auction in same modeled LDA or sub LDA where Affected Demand Resource is located AND may not sell

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elections)		or offer to sell MWs in 2017/2018 Third Incremental Auction in same LDA or sub LDA where Affected Demand Resource is located
2018/2019 Delivery Year (First opportunity to declare non-viable MWs for the 2018/2019 Delivery Year)	No later than one week prior to posting of planning parameters for 2018/2019 DY First Incremental Auction – <i>August 6, 2016</i>	May not sell or offer to sell MWs in 2018/2019 First, Second, or Third Incremental Auction in same modeled LDA or sub LDA where Affected Demand Resource is located
2018/2019 Delivery Year (Second opportunity to declare Non-viable MWs for the 2018/2019 Delivery Year. May declare additional non-viable MWs beyond first election)	No later than one week prior to posting of planning parameters for 2018/2019 DY Second Incremental Auction – <i>June 3, 2017</i>	Must not have sold or offered to sell MWs in 2018/2019 First Incremental Auction in same modeled LDA or sub LDA where Affected Demand Resource is located AND may not sell or offer to sell MWs in 2018/2019 Second or Third Incremental Auction in same LDA or sub LDA where Affected Demand Resource is located
2018/2019 Delivery Year (Final opportunity to declare Non-viable MWs for the 2018/2019 Delivery Year. May declare additional non-viable MWs beyond prior	No later than one week prior to posting of planning parameters for 2018/2019 DY Third Incremental Auction – <i>January 19, 2018</i>	Must not have sold or offered to sell MWs in 2018/2019 First or Second Incremental Auction in same modeled LDA or sub LDA where Affected Demand Resource is located AND may not sell

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elections)		or offer to sell MWs in 2018/2019 Third Incremental Auction in same LDA or sub LDA where Affected Demand Resource is located
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Table 2 – Restrictions on Selling Non-Viable Zone DR for DY in 2016/2017 DY Second or Third Incremental Auctions

		Non-Viable Zone DR cannot Sell DR in Zone/Sub Zone marked with "X" for 16/17 DY Second or Third Incremental Auctions																						
Non-Viable Zone/Sub-Zone	Offer Zone/Sub Zone	AECO	AEP	APS	ATSI (excluding Cleveland LDA)	Cleveland LDA	BGE	COMED	DAYTON	DEOK	DOM	DPL (excluding DPL SOUTH LDA)	DPL SOUTH LDA	DUQ	EKPC	JCPL	METED	PECO	PENELEC	PEPCO	PPL	PSEG (excluding PS NORTH LDA)	PS NORTH LDA	RECO
		LDA	EMAAC	RTO	RTO	ATSI	ATSI	SWMAAC	RTO	RTO	RTO	RTO	EMAAC	DPLS	RTO	RTO	EMAAC	MAAC	EMAAC	MAAC	SWMAAC	MAAC	PS	PS-N
AECO	EMAAC	X																						
AEP	RTO	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
APS	RTO	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
ATSI (excluding Cleveland LDA)	ATSI				X	X																		
Cleveland LDA	ATSI					X																		
BGE	SWMAAC						X														X			
COMED	RTO	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
DAYTON	RTO	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
DEOK	RTO	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
DOM	RTO	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
DPL (excluding DPL SOUTH LDA)	EMAAC	X										X	X			X		X				X	X	X
DPL SOUTH LDA	DPLS											X												
DUQ	RTO	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
EKPC	RTO	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
JCPL	EMAAC	X										X	X			X		X				X	X	X
METED	MAAC	X					X					X	X			X	X	X	X	X	X	X	X	X
PECO	EMAAC	X										X	X			X		X				X	X	X
PENELEC	MAAC	X					X					X	X			X	X	X	X	X	X	X	X	X
PEPCO	SWMAAC						X														X			
PPL	MAAC	X					X					X	X			X	X	X	X	X	X	X	X	X
PSEG (excluding PS NORTH LDA)	PS																					X	X	X
PS NORTH LDA	PS-N																							X
RECO	EMAAC	X										X	X			X		X				X	X	X
MODELED LDAs for 16/17 DY		RTO, MAAC, EMAAC, SWMAAC, PS, PS NORTH, DPL SOUTH, PEPCO, ATSI, ATSI CLEVELAND																						

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Table 3 – Restrictions on Selling Non-Viable Zone DR for DY in 2017/2018 and 2018/2019 DY Scheduled Incremental Auctions

		Non-Viable Zone DR cannot Sell DR in Zone/Sub Zone marked with "X" for 17/18 & 18/19 DY Scheduled Incremental Auctions																							
Non-Viable Zone/Sub-Zone	Offer Zone/Sub Zone	AECO	AEP	APS	ATSI (excluding Cleveland LDA)	Cleveland LDA	BGE	COMED	DAYTON	DEOK	DOM	DPL (excluding DPL SOUTH LDA)	DPL SOUTH	DUQ	EKPC	JCPL	METED	PECO	PENELEC	PEPCO	PPL	PSEG (excluding PS NORTH LDA)	PS NORTH	LDA	RECO
	LDA	EMAAC	RTO	RTO	ATSI	ATSI	BGE	COMED	DAYTON	DEOK	DOM	EMAAC	DPLS	RTO	RTO	EMAAC	MAAC	EMAAC	MAAC	SWMAAC	PPL	PS	PS-N	EMAAC	
AECO	EMAAC	X										X	X									X	PS-N	EMAAC	
AEP	RTO	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
APS	RTO	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
ATSI (excluding Cleveland LDA)	ATSI				X	X																			
Cleveland LDA	ATSI					X																			
BGE	BGE						X																		
COMED	COMED							X																	
DAYTON	RTO	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
DEOK	RTO	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
DOM	RTO	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
DPL (excluding DPL SOUTH LDA)	EMAAC	X										X	X			X		X				X	X	X	
DPL SOUTH LDA	DPLS												X												
DUQ	RTO	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
EKPC	RTO	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
JCPL	EMAAC	X										X	X			X						X	X	X	
METED	MAAC	X					X					X	X			X	X	X	X	X	X	X	X	X	X
PECO	EMAAC	X										X	X			X	X	X	X	X	X	X	X	X	X
PENELEC	MAAC	X					X					X	X			X	X	X	X	X	X	X	X	X	X
PEPCO	SWMAAC						X													X					
PPL	PPL																				X				
PSEG (excluding PS NORTH LDA)	PS																					X		X	
PS NORTH LDA	PS-N																							X	
RECO	EMAAC	X										X	X			X		X				X	X	X	

MODELED LDAs for 17/18 & 18/19 DYS RTO, MAAC, EMAAC, SWMAAC, PS, PS NORTH, DPL SOUTH, PEPCO, ATSI, ATSI CLEVELAND, COMED, BGE, PPL

Impact on 2016/2017 Second and Third Incremental Auctions, 2017/2018 First, Second, and Third Incremental Auctions, and 2018/2019 First, Second, and Third Incremental Auctions

PJM will publish aggregate information on non-viable MWs, by product type and by Zone/sub-zone, with the posting of the planning parameters for the 2016/2017 Second and Third Incremental Auctions, 2017/2018 First, Second, and Third Incremental Auctions, and 2018/2019 First, Second, and Third Incremental Auctions. Non-viable MWs for these Scheduled Incremental Auctions represent those MWs that are declared in advance of such Scheduled Incremental Auction.

For the 2016/2017 Second and Third Incremental Auctions, 2017/2018 First, Second, and Third Incremental Auctions, and 2018/2019 First, Second, and Third Incremental Auctions, PJM will adjust the PJM Buy Bid/Sell Offer in RTO/LDA to take into account the amount the non-viable MWs by zone/sub-zone for the Scheduled Incremental Auction. However, for the 2016/2017 Second Incremental Auction, 2017/2018 First and Second Incremental Auctions, and 2018/2019 First and Second Incremental Auctions, PJM will adjust the change in the RTO/LDA Reliability

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Requirements between the Scheduled Incremental Auction being conducted and the prior Scheduled Incremental Auction for such Delivery Year to take into account the non-viable MWs by zone/sub-zone elected prior to the Scheduled Incremental Auction being conducted, and only consider the adjusted change in the RTO/LDA Reliability Requirement in determining the PJM Buy Bid/Sell Offer if such adjusted change in the RTO/LDA Reliability Requirement is greater than or equal to the lesser of (i) 500 MW or (ii) one percent of the prior Scheduled Incremental Auction RTO/LDA Reliability Requirement for such Delivery Year.

For the 2016/2017 Second and Third Incremental Auctions, 2017/2018 First, Second, and Third Incremental Auctions, and 2018/2019 First, Second, and Third Incremental Auctions, the Updated VRR Curve Increment/Decrement for such Scheduled Incremental Auction will be based on the portion of the Updated VRR Curve to the right/left of a vertical line at the level of unforced capacity equal to the net unforced capacity committed in all prior auctions conducted for such Delivery Year less the non-viable MWs for such Scheduled Incremental Auction if such non-viable MWs were included in the determination of the PJM Buy Bids/Sell Offers for such Scheduled Incremental Auction.

Impact on Affected CSP's RPM Commitments and RPM Auction Credits

Prior to the start of the 2016/2017 Delivery Year, 2017/2018 Delivery Year, and 2018/2019 Delivery Year, PJM shall reduce, by product and by Zone, the RPM unforced capacity commitment of each Affected CSP that elects this Transition Provision for such Delivery Year based on the non-viable MWs declared for such Delivery Year. PJM shall allocate the reduction in unforced capacity commitment by product type and by zone/sub-zone across the applicable Affected Demand Resources and relevant RPM Auctions if the Affected CSP cleared MWs from multiple Affected Demand Resources of the same product type and zone/sub-zone and/or cleared MWs in multiple RPM Auctions for the Delivery Year. Such allocation shall be performed on a pro-rata basis, based on MWs cleared by the Affected Demand Resources in the relevant RPM Auctions.

The Affected CSP that elects this Transition Provision is relieved of the commitment associated with the declared non-viable MWs and relinquishes an Affected Demand Resource's RPM Auction Credits for the capacity commitment reduction amount determined in accordance with the allocation procedure described above.

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The Final Zonal Capacity Price calculated and used in the determination of LSE Locational Reliability Charges will take into account the reduction in RPM Auction Credits to Affected Demand Resources.