



Wholesale Market Opportunities for Dynamic Retail Pricing

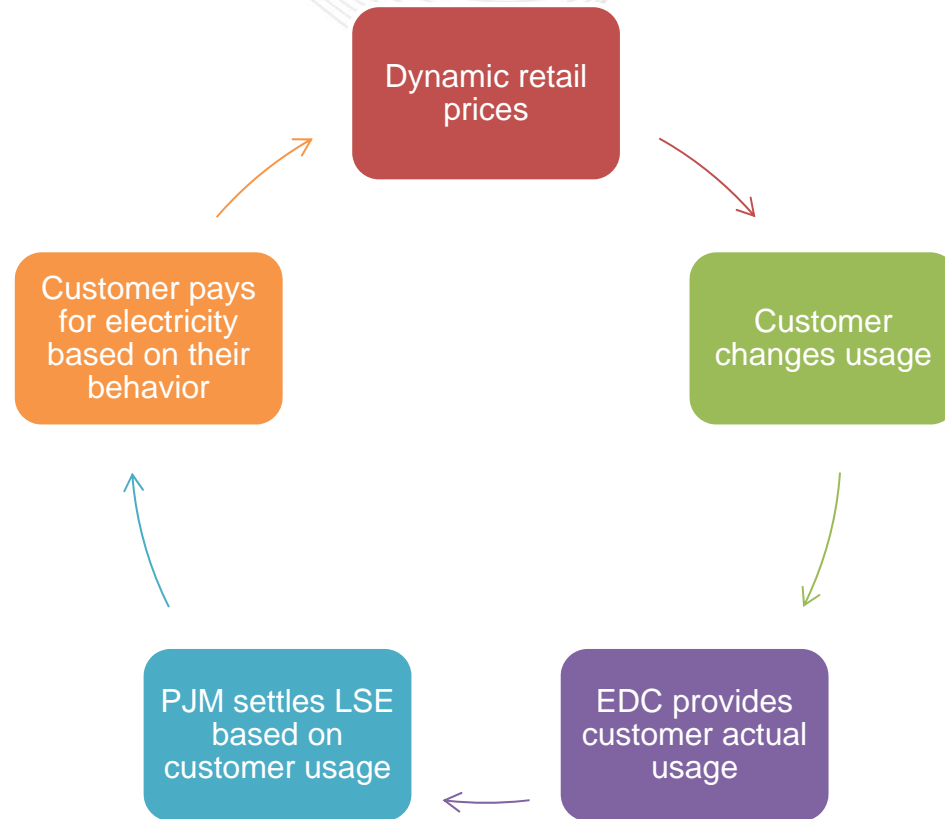
MADRI Working Group
May 7, 2013
Philadelphia, PA

Alignment of retail and wholesale prices...



..... lead to more effective use of supply resources

Behavior Changes from Dynamic Prices flow through wholesale settlements

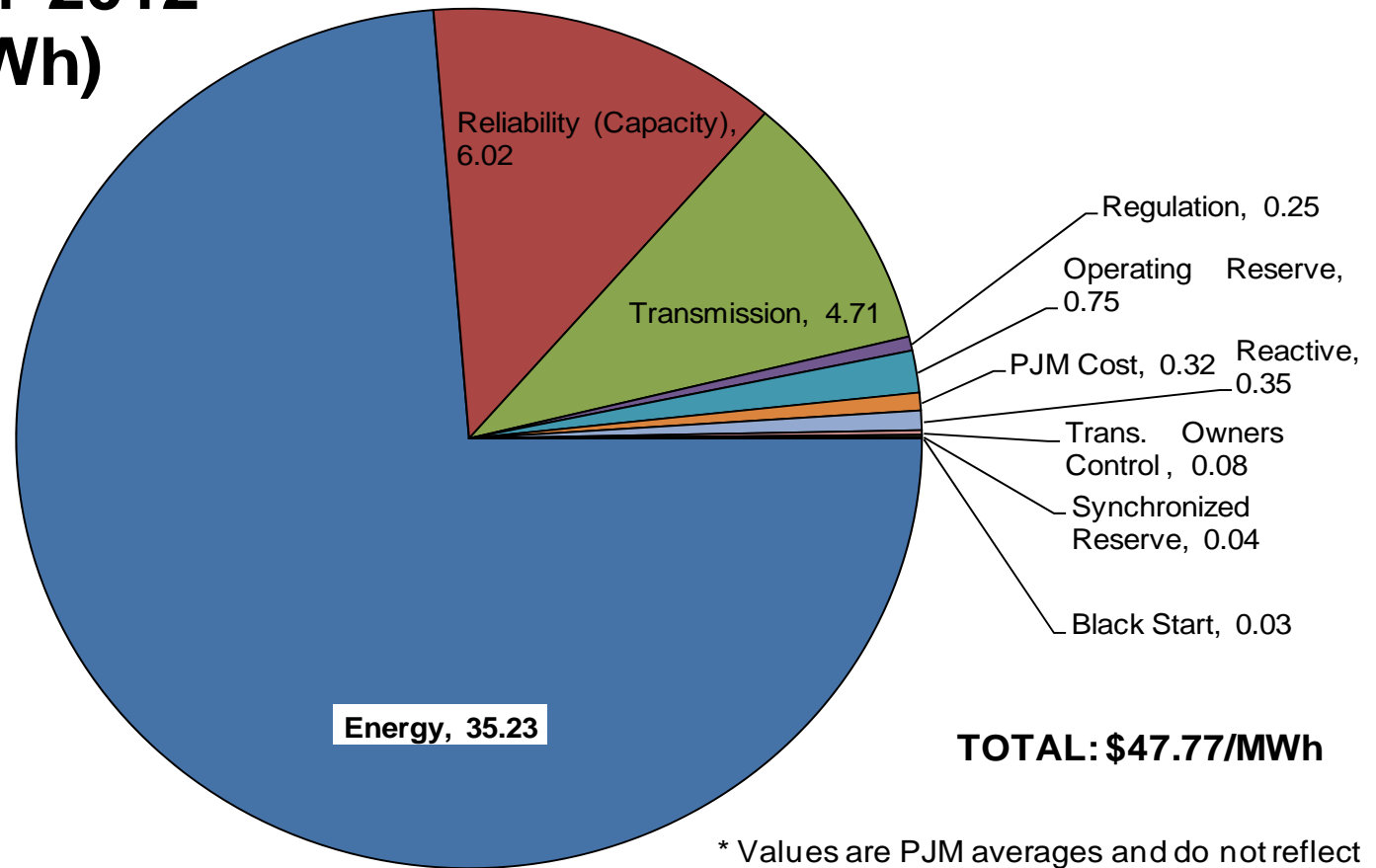


Flexible wholesale market enables settlement based on customer specific usage



Change in customer consumption may impact different wholesale service requirements

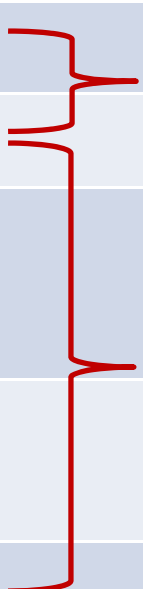
PJM Wholesale Cost Full-Year 2012 (\$/MWh)




* Values are PJM averages and do not reflect potential locational cost differences.

PJM Opportunity by Wholesale Service

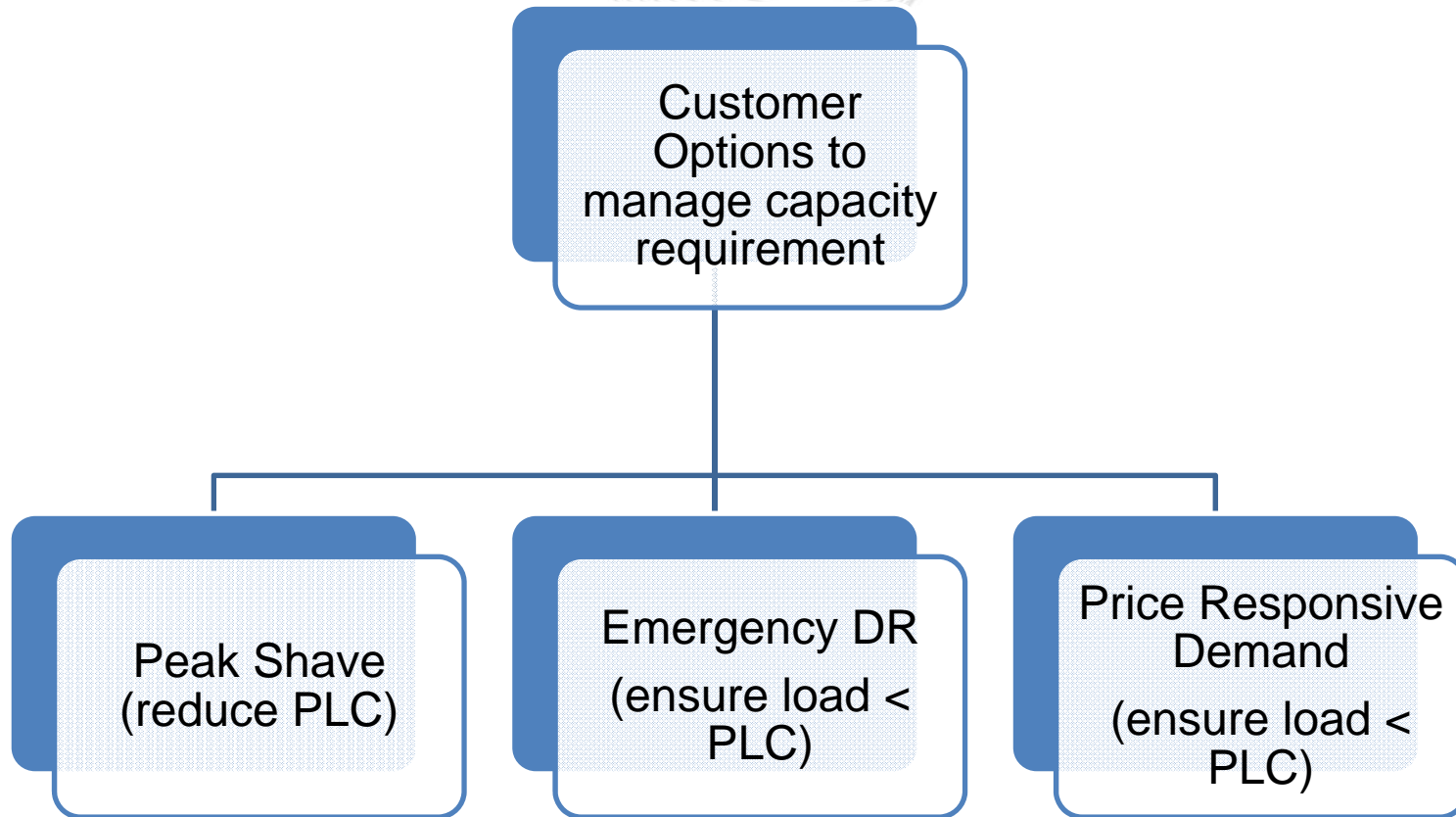
Wholesale Service	Demand Side Response	Energy Efficiency	Price Responsive Demand
Capacity	Yes	Yes	Yes
Energy	Yes		*
Day Ahead Scheduling Reserves (30 min)	Yes		
Synchronized Reserves (10 min)	Yes		
Regulation	Yes		


Emergency resource


Economic resource

Economic originally created to motivate customers on fixed prices

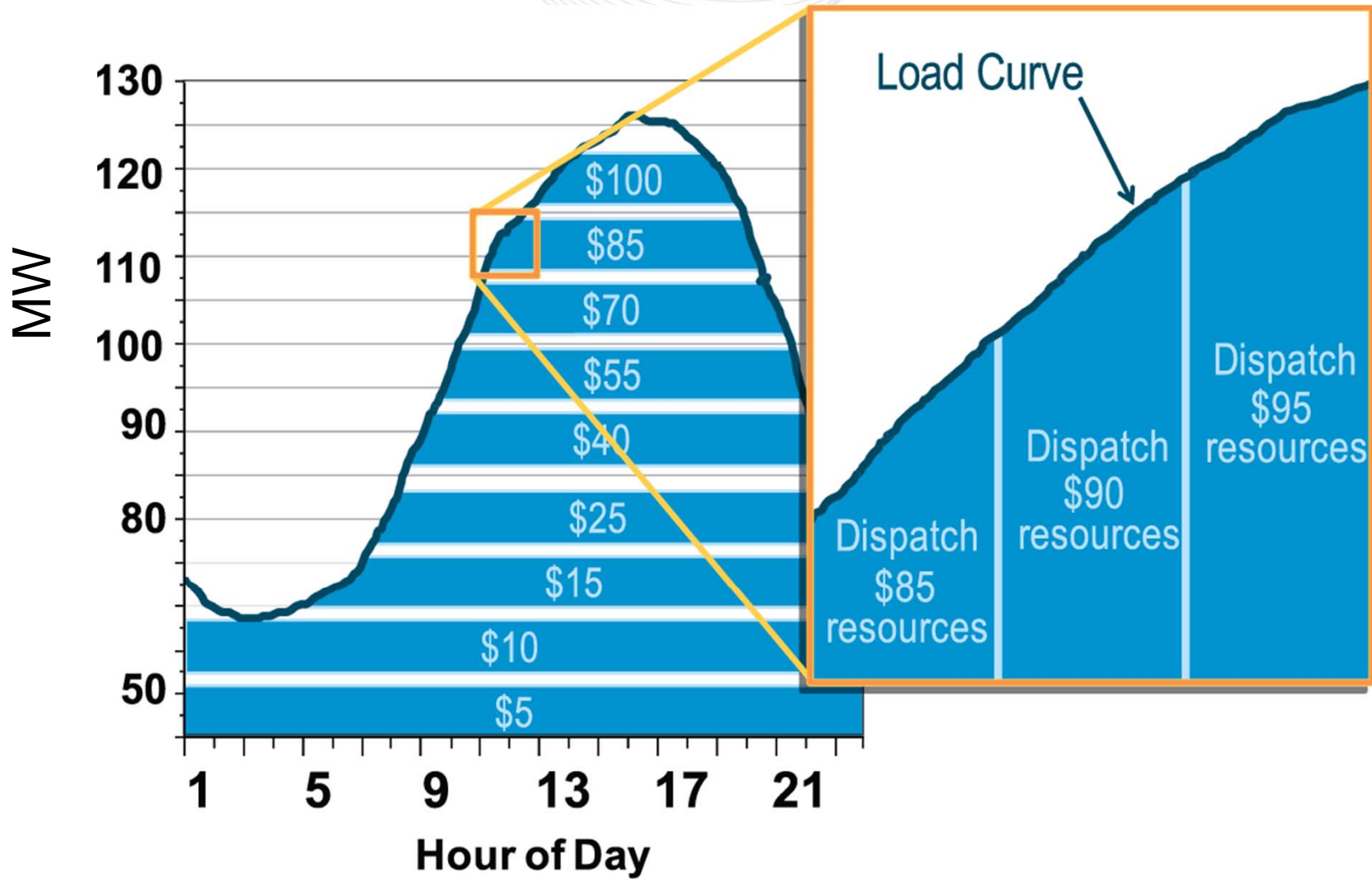
**PRD may submit energy only schedules but will not receive compensation*

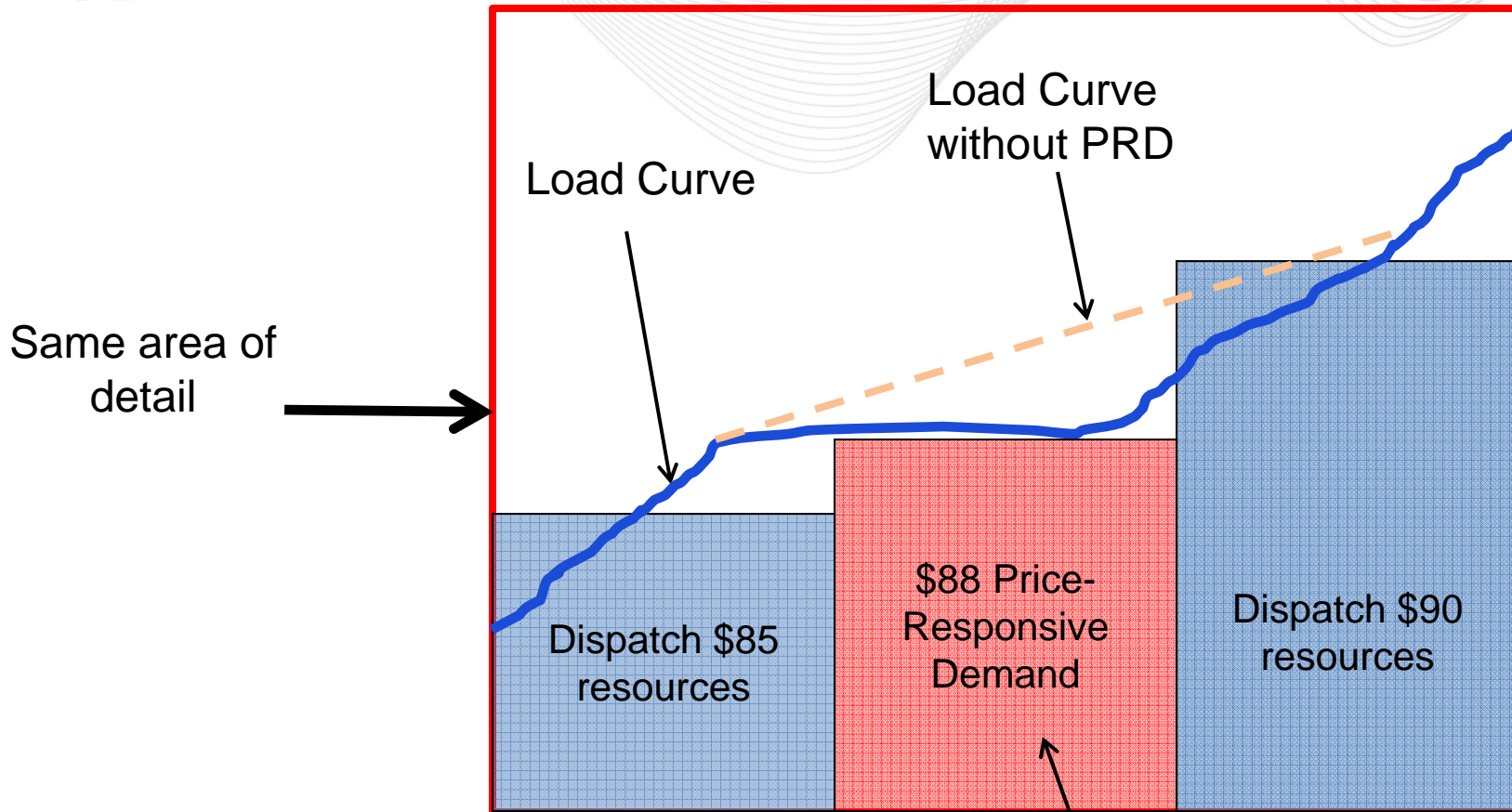


PLC represents the customer's reliability (capacity) requirement

- Evolving Advanced Metering Infrastructure (AMI) and dynamic retail rates are increasing the price-responsiveness of retail load.
 - will allow implementation, measurement and control of PRD
- Price Responsive Demand can achieve savings in Locational Reliability Charges in the capacity market through specific recognition in the auctions
- Market benefits from capacity clearing prices that reflect the correct amount of demand to be served
- Greater visibility of Price Responsive Demand for improved reliability and market operations.







No dispatch of additional resources due to demand response at indicated price level