



PJM's Capacity Performance Proposal and Impacts on Demand Response

Stu Bresler

Vice President - Market Operations

PJM Interconnection, LLC

MADRI Working Group Meeting

December 9, 2014

Performance
Incentives /
Penalties

Operational
Availability
and Flexibility

Fuel Security

- Enhance Requirements for Capacity Resources
 - Committed capacity resources would be held to higher performance requirements
 - “Base” category for resources that cannot meet higher standards maintained for a two-year transition period
- Enhance Capacity Resource Availability and Flexibility Requirements
 - Must be based upon physical unit capabilities
 - Units may operate outside of those parameters but will not be eligible to be made whole for operation outside of PJM direction
- Peak Period Performance Assurance
 - Enhance Non-Performance Penalty
 - Cap Penalty to establish maximum loss

- Removed up front Capacity Performance eligibility requirements and officer certification
- Simplified availability and flexibility requirements
- Enhanced peak period performance penalties
- Added proposal to eliminate the Short-Term Resource Procurement Target (i.e. – the “holdback”) and incorporated load forecasting enhancement
- Significantly enhanced the transition mechanism

- Transitions Demand Response to a commitment to reduce demand only when required by PJM to manage peak conditions
- Maintains summer only product as Base Capacity for transition period
- Complete transition will occur over a 5-year period
- Explicitly provides for ability to combine resources to meet performance requirements