



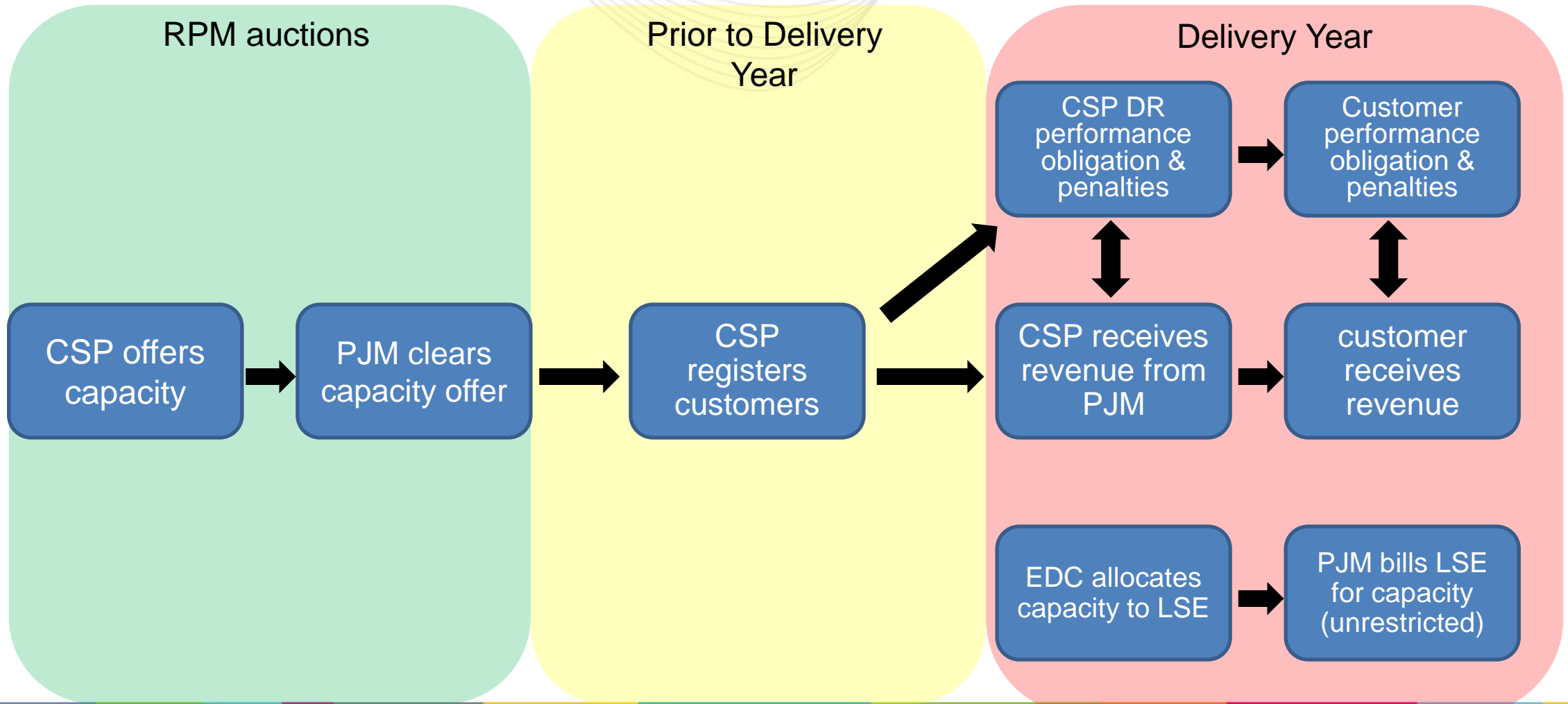
# Wholesale Market DR Opportunities in the Wake of the EPSA Decision

MADRI Working Group Meeting #36  
December 9<sup>th</sup>, 2014

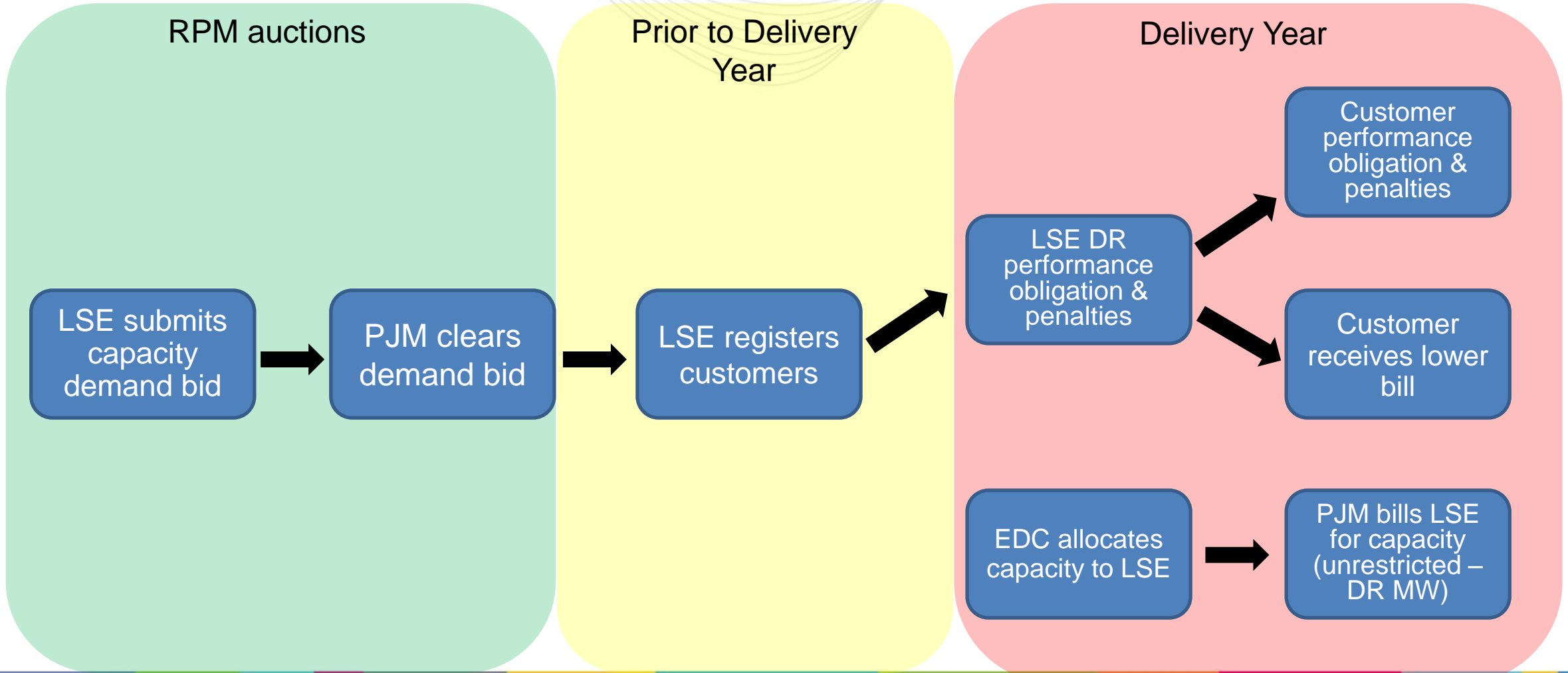
	<b>Today</b>	<b>PJM Proposal</b>
<b>Capacity market</b>	Supply resource (Similar to generation)	Demand bid
<b>Capacity obligations</b>	Reduce load per rules	Same
<b>Who manages?</b>	Curtailment service provider/load serving entity	Load-serving entity/ retail service provider
<b>End-use customers</b>	All may participate subject to regulatory rules	Same
<b>Energy market</b>	Economic or emergency resource; paid full LMP	No direct compensation; benefits through cost-savings
<b>Ancillary service market</b>	Curtailment service provider or load- serving entity manages	Same

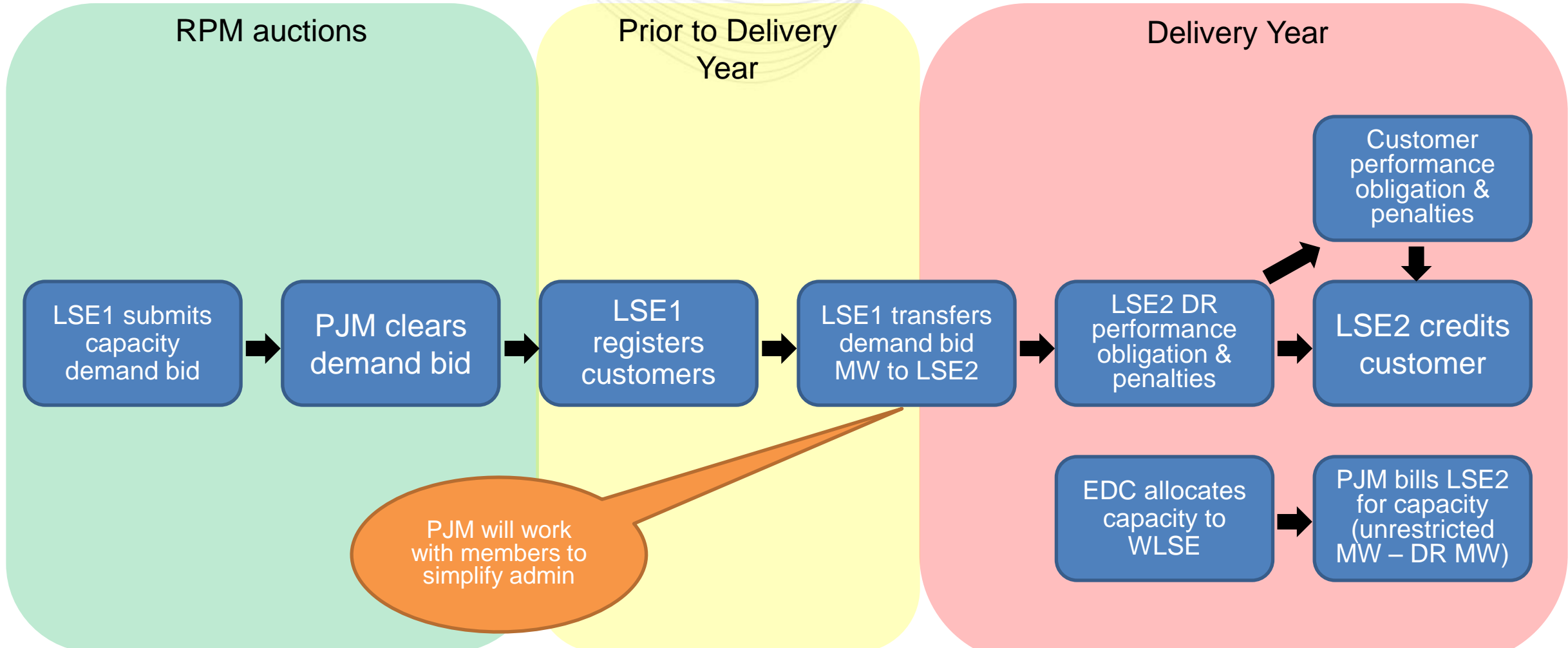
RERRA changes could significantly facilitate LSE DR model

- PJM intends to file “stop gap” DR solution based on EPSA interpretation by end of the year
  - LSE DR model effective for next BRA (18/19 DY)
    - DR supply side model suspended for future auctions
  - Maintain current DR model (supply side) for existing DR commitments for next 3 DYs
  - No new supply side DR commitments in future auctions
- Stop gap solution will be effective in mid April 2015 (in time for BRA) contingent on status of request for Supreme Court to hear case.
- Model for DR participation in future auctions dependent upon final resolution of EPSA case and subsequent FERC process



# PJM proposed LSE DR capacity model (simple)





- Modify POLR agreements to enable demand response from EDC (demand bid transfer to LSEs awarded load in auctions) for POLR customers
- Develop and approve retail CSP
- Modify existing LSE state licensing requirements to include mandatory execution of standard agreement between LSE and CSP
- Standard agreement would enable
  - Retail CSP to provide DR through LSE
  - Retail CSP to receive avoided capacity cost for DR from LSE
  - LSE to pass through any related charges to DR to Retail CSP
  - EDC to assign DR MW to the appropriate LSE for each customer during the Delivery Year
    - Facilitate DR transfer when customer's switch