



PJM Demand Response and Energy Efficiency and preparation for outcome of court decision on EPSA case

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PJM assumptions:
if Supreme Court upholds EPSA case decision

Decision applies to:

- Demand Response, energy and capacity markets
- Energy Efficiency, capacity market

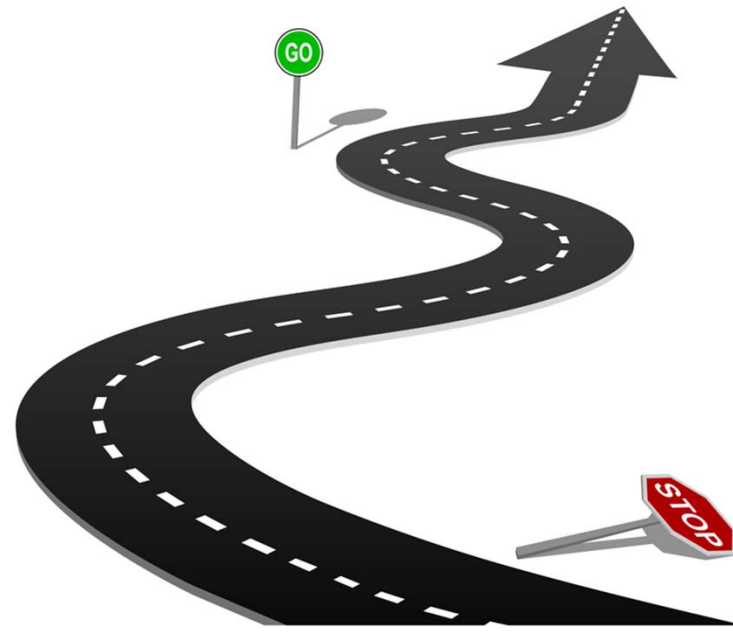
Energy and Capacity Markets

- No compensation from wholesale market but load may manage their electricity cost.
- LSE or their designated agents are responsible for electricity cost.
- PJM can operate DR the same as today.
- PRD, FRR and WLR/WEEL (previously filed at FERC) will comply with EPSA

CSP may still provide Ancillary Services from DR resources

pjm

Identify DR opportunities and develop roadmap



Prepare for outcome of EPSA case to minimize impact to DR participation



If EPSA is upheld where do we go?
below are some options – are there others?

Price Responsive Demand (PRD)

will reduce load when energy prices are high or for grid emergency

Wholesale Load Reductions (WLR)

will reduce load when dispatched by PJM

PJM administered WLR

PJM responsible to act on behalf of LSE to acquire/operate DR, allocate capacity reduction back to LSEs and collect cost saving from LSE and transfer to DR providers

Retail zonal peak shaving

RERRA determines DR provider compensation and retail customer cost allocation. RERRA or DR Provider determine when to dispatch to reduce zonal capacity requirements.

Retail customer peak shaving

Retail customers reduce load to reduce customer capacity requirement

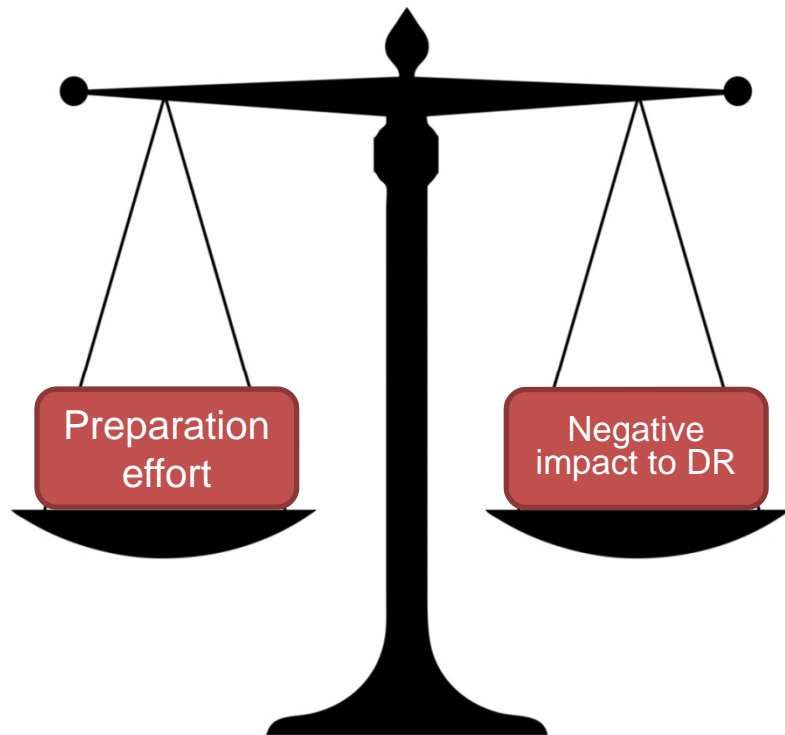
Develop roadmap to implement Opportunity Illustrative example for WLR

Legislative change?
Retail tariff change?

Detail Activity	Status	Notes	How long will it take?
DR provider certification	✓	Leverage current retail LSE certification	
Develop standard DR provider & LSE contract		Set up workshop to discuss how to standardize terms	X months
Modify EDC & wholesale LSE contract for POLR/BGS load		EDC to coordinate, no retail tariff changes	Y months
Develop standard DR provider reporting requirements		Firm up DR provider reporting requirement (if needed)	Z months

Are there items for collaboration with PJM prior to court decision?

Prepare in case EPSA is upheld..
but do not get too far in front of court decision



May need to consider transition (Short term → Long term) for solution