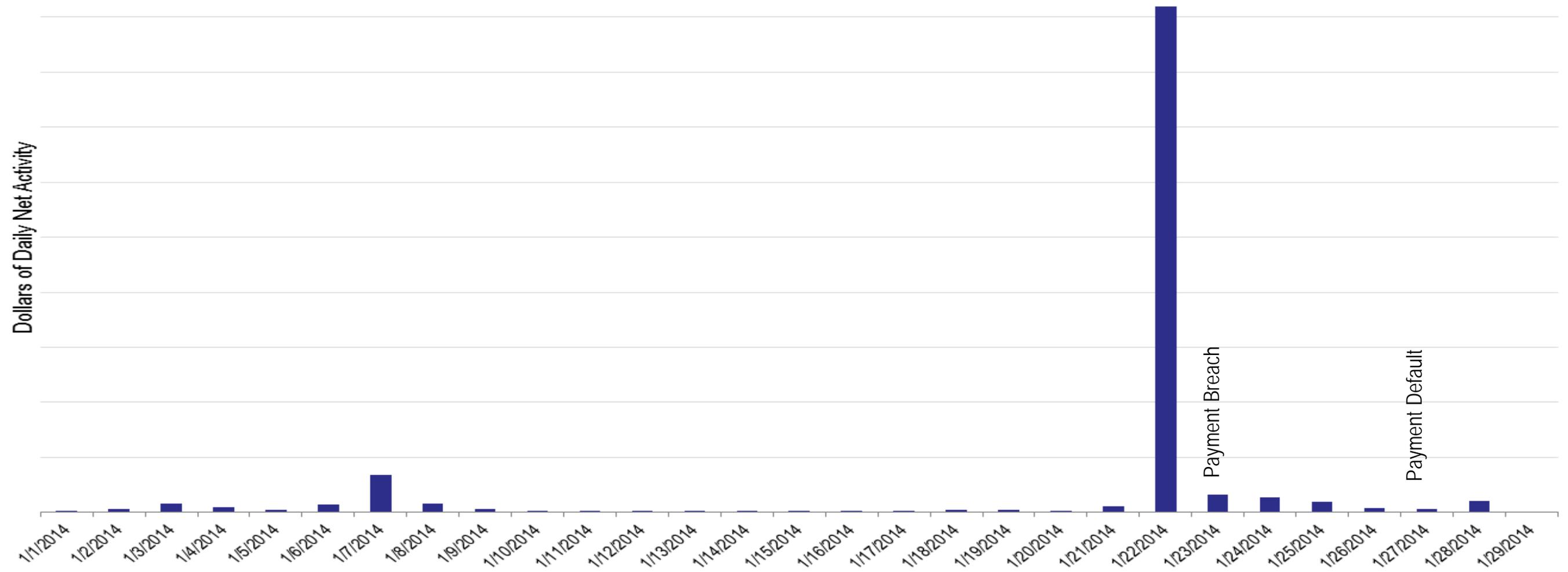


# Demand Bid Volume Limits

Market Implementation Committee  
September 3, 2014  
Harold Loomis

- Demand Bids
  - Must have a related InSchedule load contract
  - Currently no PJM-imposed volume limits
    - Members can establish their own voluntary bidding limits
- Demand bid in excess of actual load acts as a Virtual Transaction Decrement bid, but without the protections afforded by the Virtual Transaction credit screen and associated Minimum Participation Requirement
- Objective – Reduce the risk of material costs accruing on demand bids in excess of the load-serving commitments of the load-serving entities (LSEs) entering those demand bids

People's Power & Gas, LLC's unpaid net charges resulted almost entirely from one day's charges on a demand bid for approximately 100 times the level of load served by this load-serving entity.



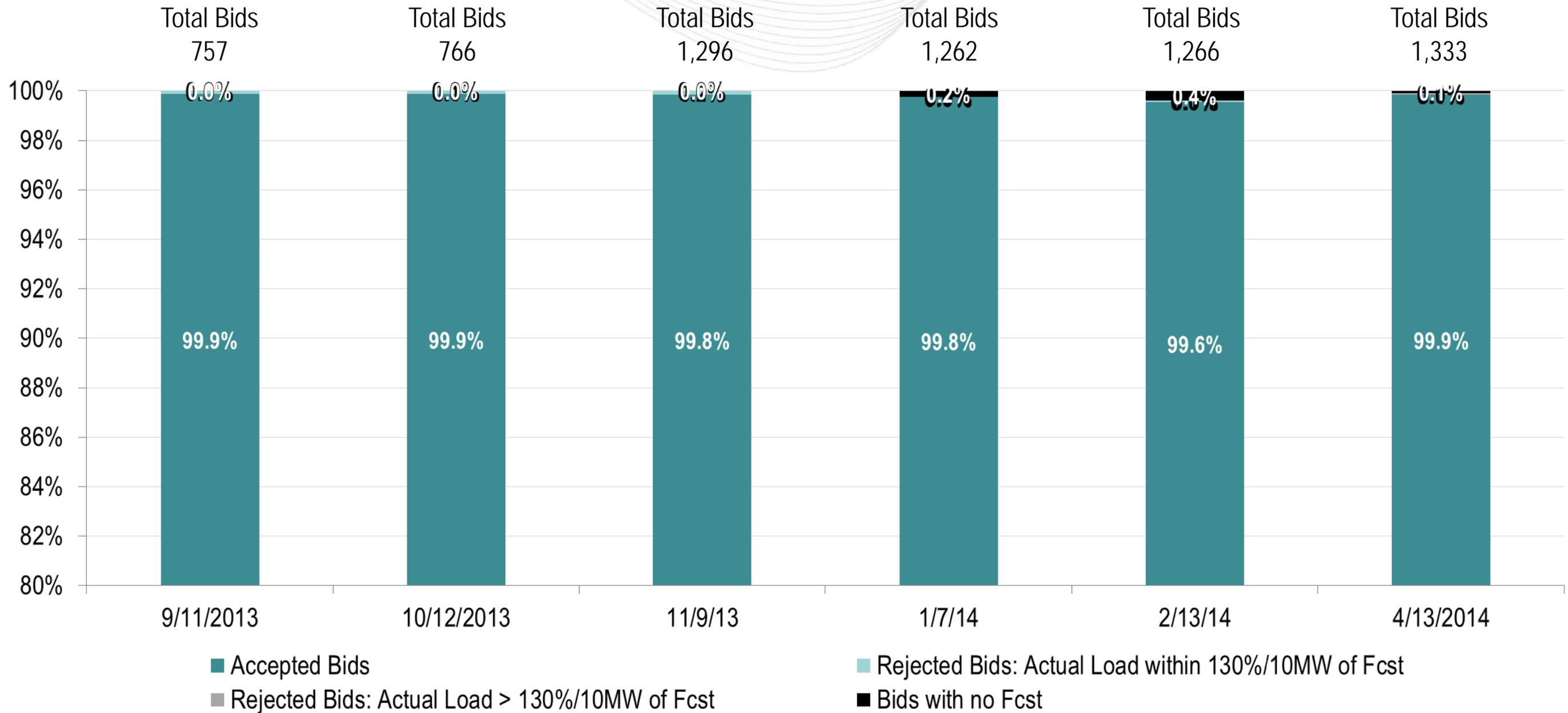
- PJM Proposes to establish a daily Demand Bid Limit for each LSE by transmission zone
- Daily Demand Limit would be the greater of 30% or 10 MW above the LSE's calculated Zonal Peak Load Reference Point for the operating day
  - 30% and 10MW were empirically derived from actual recent experience
    - The single largest two-day-ahead zonal forecast shortfall from January 2013 through March 2014 was 28%
  - Zonal Peak Load Reference Point calculated from actual recent LSE load and PJM forecasted zonal load - the product of:
    - Recent Load Share: Each LSE's highest one-hour share of the actual load contributions for each transmission zone in the most recently available seven days, times
    - PJM's peak load forecast for each transmission zone
- For transparency, intend to make available to each LSE its Zonal Peak Load Reference Point or Demand Bid Limit for each transmission zone two days prior to the applicable operating day
- Demand bids in excess of limit would not be accepted into the Day-ahead market system
- Exception requests could be authorized

- The Credit Subcommittee unanimously endorsed the proposal at its July 2014 meeting
- PJM requests MIC endorsement of this proposal

# Planned Timeline for Calculating Daily Zonal Peak Load Reference Points by LSE



(Based on Highest Recent Share Per Zone and Two-Day Ahead Zonal Peak Forecast)





# Results of Sample Days' Analyses

(Based on Highest Recent Share Per Zone and Two-Day Ahead Zonal Peak Forecast)

| Date       | Total Bids | Bids Accepted | Bids Rejected    |                 |             |
|------------|------------|---------------|------------------|-----------------|-------------|
|            |            |               | Actual Under Cap | Actual Over Cap | No Baseline |
| 9/11/2013  | 757        | 756           | 1                | 0               | 0           |
| 10/12/2013 | 766        | 765           | 1                | 0               | 0           |
| 11/9/2013  | 1262       | 1260          | 2                | 0               | 0           |
| 1/7/2014   | 1266       | 1263          | 0                | 0               | 3           |
| 2/13/2014  | 1333       | 1327          | 1                | 0               | 5           |
| 4/13/2014  | 1296       | 1294          | 0                | 1               | 1           |