

11A DEMAND RESOURCES TEST FAILURE CHARGE

a) Capacity Market Sellers that commit Demand Resources may be charged to the extent their committed resources fail performance tests, as set forth herein.

b)

- (i) [Reserved]
- (ii) [Reserved]
- (iii) [Reserved]

A. Through the 2023/2024 Delivery Years, for Annual Demand Resources: if an Annual Demand Resource registration is not dispatched by the Office of the Interconnection for a Load Management event in a Delivery Year, then the registration committed by a Capacity Market Seller in a zone shall be tested as described below in section iii(c), for a two-hour period between the hours of 11:00 EPT and 18:00 EPT of a non-NERC holiday weekday during June through October or November through March of the relevant Delivery Year, where date and time are selected by the Office of the Interconnection and notice is provided consistent with the procedure described below in section iii(d). If an Annual Demand Resource registration is dispatched by the Office of the Interconnection for a Load Management event during the Delivery Year, then no test will be required.

A-1. Effective with the 2024/2025 Delivery Year and subsequent Delivery Years, for Annual Demand Resources: if an Annual Demand Resource registration is not dispatched by the Office of the Interconnection for a Load Management event in a Delivery Year and assessed for performance during Performance Assessment Intervals, then the registration committed by a Capacity Market Seller in a zone shall be tested as described below in section iii(c), for a two-hour period between the hours of 11:00 EPT and 18:00 EPT of a non-NERC holiday weekday during June through October or November through March of the relevant Delivery Year, where date and time are selected by the Office of the Interconnection and notice is provided consistent with the procedure described below in section iii(d). Notwithstanding the foregoing, a Capacity Market Seller may elect to utilize performance data from a Load Management event in the Delivery Year that was not assessed for performance during Performance Assessment Intervals to be considered in the annual Demand Resource test requirement, as long as the event is at least 30 minutes of a

clock hour. If an Annual Demand Resource registration is dispatched by the Office of the Interconnection for a Load Management event during the Delivery Year, and assessed for performance during Performance Assessment Intervals, then no test will be required.

- B. Through the 2023/2024 Delivery Year, for Summer-Period Demand Resources: if a Summer-Period Demand Resource registration is not dispatched by the Office of the Interconnection for a Load Management event during June through October or the following May of the Delivery Year, then the registration committed by a Capacity Market Seller must demonstrate that it was tested as described below in section iii(c), for a two-hour period between the hours of 11:00 EPT and 18:00 EPT of a non-NERC holiday weekday, during June through October of the relevant Delivery Year, where date and time are selected by the Office of the Interconnection and notice is provided consistent with the procedure described below.
- B-1. Effective with the 2024/2025 Delivery Year and subsequent Delivery Years, for Summer-Period Demand Resources: if a Summer Period Demand Resource registration is not dispatched and assessed for performance during Performance Assessment Intervals, by the Office of the Interconnection for a Load Management event during June through October or the following May of the Delivery Year, then the registration committed by a Capacity Market Seller must demonstrate that it was tested as described below in section iii(c), for a two-hour period between the hours of 11:00 EPT and 18:00 EPT of a non-NERC holiday weekday, during June through October of the relevant Delivery Year, where date and time are selected by the Office of the Interconnection and notice is provided consistent with the procedure described below. Notwithstanding the foregoing, a Capacity Market Seller may elect to utilize performance data from a Load Management event in the Delivery Year that was not assessed for performance during Performance Assessment Intervals to be considered in the annual Demand Resource test requirement, as long as the event is at least 30 minutes of a clock hour and the Load Management event occurred in the summer.
- C. All registrations in a zone will be tested simultaneously for two hours for each product. Registration performance will be calculated as the two hour average reduction. The Office of the

Interconnection may, at its discretion, cancel a test and retest on an event day to ensure system reliability.

If less than 25 percent (by megawatts) of a Curtailment Service Provider's total Demand Resources in a zone fail the test, the Curtailment Service Provider may conduct re-tests limited to all registrations that failed to meet their seasonal nominated ICAP in the prior test, provided that such re-test(s) must be during the same season period (except if test was conducted in March in which case retest can be conducted in May), at the same time of day and under approximately the same weather conditions as the prior test, and provided further that all affiliated registrations must test simultaneously, where affiliated means registrations that have any ability to shift load and are owned or controlled by the same entity. If less than 25 percent of resources fail the test and the Curtailment Service Provider chooses to conduct a retest, the Curtailment Service Provider may elect to maintain the performance compliance result for the registration(s) that achieved during the test if Curtailment Service Provider: (1) notifies the Office of the Interconnection 48 hours prior to the retest under this election; and (2) the Curtailment Service Provider retests affiliated registrations under this election as set forth in the PJM Manual.

If 25 percent or more (by megawatts) of a Curtailment Service Provider's Demand Resources fail the test, the Curtailment Service Provider may request the Office of Interconnection to schedule a one-time retest limited to all registrations that failed to meet their seasonal nominated ICAP in the prior test, provided that all affiliated registrations must test simultaneously. Affiliated means registrations that have any ability to shift load and are owned or controlled by the same entity. The request must be made before the 46th day after the test. The Office of the Interconnection will select the date and time of the retest during the same season period (except if test was conducted in March in which case retest may be conducted in May) and notice is provided consistent with the procedure described below.

- D. Notification of the initial Office of the Interconnection scheduled test will be provided based on the following procedure. The Office of Interconnection shall schedule, on an alternating basis, one test during June through October or November through March for each Delivery Year that a test is required. On the first business day of a week, PJM will provide notice of all zones to be tested during the following

two week test window. The test window opens the first business day of the week following the notice. By 10:00 EPT the day before the test, the Office of the Interconnection will post on its website the test date. The Office of the Interconnection will also notify the Curtailment Service Providers of the test date. On the test date, Curtailment Service Providers will be notified of start time of test through the same notification protocol used for an event and as described in the PJM Manuals.

Notification of any scheduled retest by the Office of the Interconnection will be provided based on the following procedure. By 10:00 EPT the day before the retest, the Office of the Interconnection will post the retest date on its website. PJM will also notify the Curtailment Service Providers the retest date. On the retest date, Curtailment Service Providers will be notified of start time of retest through the same notification protocol used for an event and as described in the PJM Manuals.

c) a Capacity Market Seller that committed Demand Resources shall be assessed a Demand Resources Test Failure Charge equal to the net capability testing shortfall for such products tested in a Zone during such test in the aggregate of all of such Seller's Demand Resources tested in such Zone times the Demand Resources Test Failure Charge Rate. The net capability testing shortfall in such Zone shall be the following megawatt quantity, converted to an Unforced Capacity basis using the applicable Forecast Pool Requirement prior to 2025/2026 Delivery Year and applicable ELCC Class Rating beginning with the 2025/2026 Delivery Year: (i) the summer daily average of the megawatts of load reduction capability committed by such seller in such Zone for such product(s) tested minus (ii) the megawatts of load reduction actually provided by all such Demand Resources in such Zone during such test. The net capability testing shortfall in such Zone for such product(s) tested shall be reduced by the Curtailment Service Provider's summer daily average of the Capacity Resource deficiency shortfalls, determined pursuant to Tariff, Attachment DD, section 8, in such Zone for all of the Curtailment Service Provider's committed Demand Resources that are of the same product(s) tested.

d) the Demand Resources Test Failure Charge Rate shall equal such Seller's Weighted Daily Revenue Rate in such Zone for the product(s) tested plus the greater of (0.20 times the Weighted Daily Revenue Rate in such Zone for the product(s) tested or \$20/MW-day). The Daily Demand Resources Test Failure Charge in a zone for the product(s) tested shall be equal to the net capability testing shortfall in such Zone for such product(s) tested times the Demand Resources Test Failure Charge Rate. Such charge shall be assessed daily and charged monthly (or otherwise in accordance with customary PJM billing practices in effect at the time); provided, however, that a lump sum payment may be required to reflect

amounts due, as a result of a test failure, from the start of the Delivery Year to the day that charges are reflected in regular billing.

e) revenues collected from assessment of Demand Resources Test Failure Charges shall be distributed to Load Serving Entities that were charged a Locational Reliability Charge for the Delivery Year for which the Demand Resources Test Failure Charge was assessed, pro-rata based on such Load Serving Entities' Daily Unforced Capacity Obligations.