

Requirements for Offering Planned Demand Resources in RPM Auctions

Providers of Planned Demand Resources that wish to offer such resources in RPM Auctions must provide documentation no later than 15 business days prior to the RPM Auction that demonstrates to PJM's satisfaction that the Planned Demand Resources will be available for the start of the Delivery Year. Actual deadline date for Planned DR Documentation for an RPM Auction is provided in the RPM Auction Schedule available at <http://www.pjm.com/markets-and-operations/rpm/~media/markets-ops/rpm/rpm-auction-info/rpm-auction-schedule.ashx>.

Providers of Planned Demand Resources are subject to the RPM Credit Requirement¹. Providers should contact the PJM Treasury Department at least two weeks prior to the RPM auction to start the process of establishing credit for RPM.

All new Demand Resources must be modeled in the eRPM system and have capacity assigned through a Demand Resource Modification transaction prior to the start of the RPM Auction. A Demand Resource is modeled by location and product type (Annual, Extended Summer, or Limited)² effective with the 2014/2015 Delivery Year.

DR Plan Documentation

DR Plan documentation must be submitted to the RPM Hotline via rpm_hotline@pjm.com and include the following information as applicable:

1. Project Description/Summary
 - a. Company name
 - b. Project Name
 - c. Submission Date
 - d. Company Address and contact information
 - e. Project Goals
 - f. Demand Resource Application – method of load reduction for each DR Resource (i.e. Guaranteed Load Drop, Firm Service Level, or Direct Load Control program³)
 - g. Location of each DR Resource (Transmission Zone, Sub-Zone in case of PSNORTH or DPLSOUTH)
 - h. Product Type for each Demand Resource (i.e., Annual, Extended Summer, or Limited). Indicate if the Demand Resource can qualify as more than one of the three Demand Resource product types and the

¹ For more information on the RPM Credit Requirement please see Section 4.8 of PJM Manual 18 and Attachment Q of the Open Access Transmission Tariff.

² Annual Demand Resource, Extended Summer Demand Resource, and Limited Demand Resource shall have the meaning specified in the Reliability Assurance Agreement.

³ See PJM Capacity Market Manual, Manual 18 Section 4.3.9, which describes Guaranteed Load Drop, Firm Service Level, and Direct Load Control programs and the determination of the Nominated Value of such programs. See PJM Load Forecasting and Analysis Manual, Manual 19 Attachment A that describes how load reduction is estimated for such programs.

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intent is to submit coupled sell offers for each product type for which the Demand Resource qualifies. (Effective with the 2014/2015 Delivery Year).

- i. Anticipated Nominated Value for each DR Resource in ICAP terms adjusted for EDC loss factor (by individual transmission zone)
2. Schedule
 - a. Timeline for installing/procuring each DR resource. May include:
 - i. Timeline for equipment installation
 - ii. Measurement and Verification activities
 - iii. Schedule of milestones to procure customers via a marketing strategy
 3. If offering a Direct Load Control program, the documentation provided should include the following:
 - a. Load Research Study⁴ or Deemed Savings Estimates to determine per-participant impacts
 - i. If the Direct Load Control program employs a radio signal, the DR Resource Provider may elect to either submit a load research study to support base per-participant impacts of the project or utilize base per-participant impacts contained in the “Deemed Savings Estimates for Legacy Air Conditioning and Water Heating Direct Load Control Programs in the PJM Region” Report⁵. If the Direct Load Control program utilizes other technology, the DR Resource Provider must submit a load research study.
 - b. Equipment to be used for load control
 - c. Equipment standards
 - d. Measurement and Verification Approach
 - e. Baseline and post-installation assumptions that affect demand reduction (e.g., Hour(s) of the day, WTHI Standard, Cycling Strategy, adjustment for switch failures)
 - f. Pilot project results, if any
 4. If offering a Guaranteed Load Drop or Firm Service Level program, the documentation provided should include the following:
 - a. General plan to procure customers
 - b. Information to support the market potential and the share of customers (i.e., residential, commercial, or industrial) the program will be focusing on
 - c. Assumptions that went into estimates of the Nominated DR Value (customer penetration, EDC loss factors used, etc.) by zone.

⁴ Direct Load Control Research Study Guidelines are provided in PJM Load Forecasting and Analysis Manual, Manual 19, Attachment B.

⁵ “Deemed Savings Estimates for Legacy Air Conditioning and Water Heating Direct Load Control Programs in PJM Region”, Final Report, RLW Analytics, March 2007 is available at <http://www.pjm.com/~media/documents/reports/20070406-deemed-savings-report-ac-heat.ashx>.

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- d. Any adjustments for existing DR or considerations made for the potential for other CSPs targeting the same customers
- e. If known, identification of end-use customer site targeted to provide load reduction
- f. Justification of a peak load contribution value for an end-use customer that is higher than the current peak load contribution value
- g. Some details of types of measures targeted and approximate number of devices or customers and per measure/per customer impact that would provide the Nominated DR Value

Participation in RPM Auction

Upon PJM approval of the submitted DR Plan, PJM will model in the eRPM system the individual planned DR resources by product type (effective with 2014/2015 Delivery Year) in each requested zone or sub-zone. After an e-mail confirmation is received by the participant that the DR resources were modeled by PJM, the participant should:

- Enter DR Modification transactions in eRPM to assign the nominated MW value to each individual resource. For instructions on how to submit DR Modification transactions in the eRPM system, please refer to Transactions: Task 3 in the eRPM User Guide⁶.
- Post appropriate funds with PJM Treasury Department to satisfy the RPM Credit Requirement

After the credit has been confirmed, PJM will Provisionally Approve the DR Mods. After the transactions are provisionally approved and the auction offer window has opened, the available capacity activated in your account will be eligible to be offered into the RPM Auction.

For instructions on how to submit resource sell offers in the eRPM system, please refer to Auctions: Task 1 in the eRPM User Guide.

⁶ The eRPM User Guide is available at <http://www.pjm.com/markets-and-operations/etools/~media/markets-ops/rpm/erpm-user-guide.ashx>.