



Deliverability Study Assumptions

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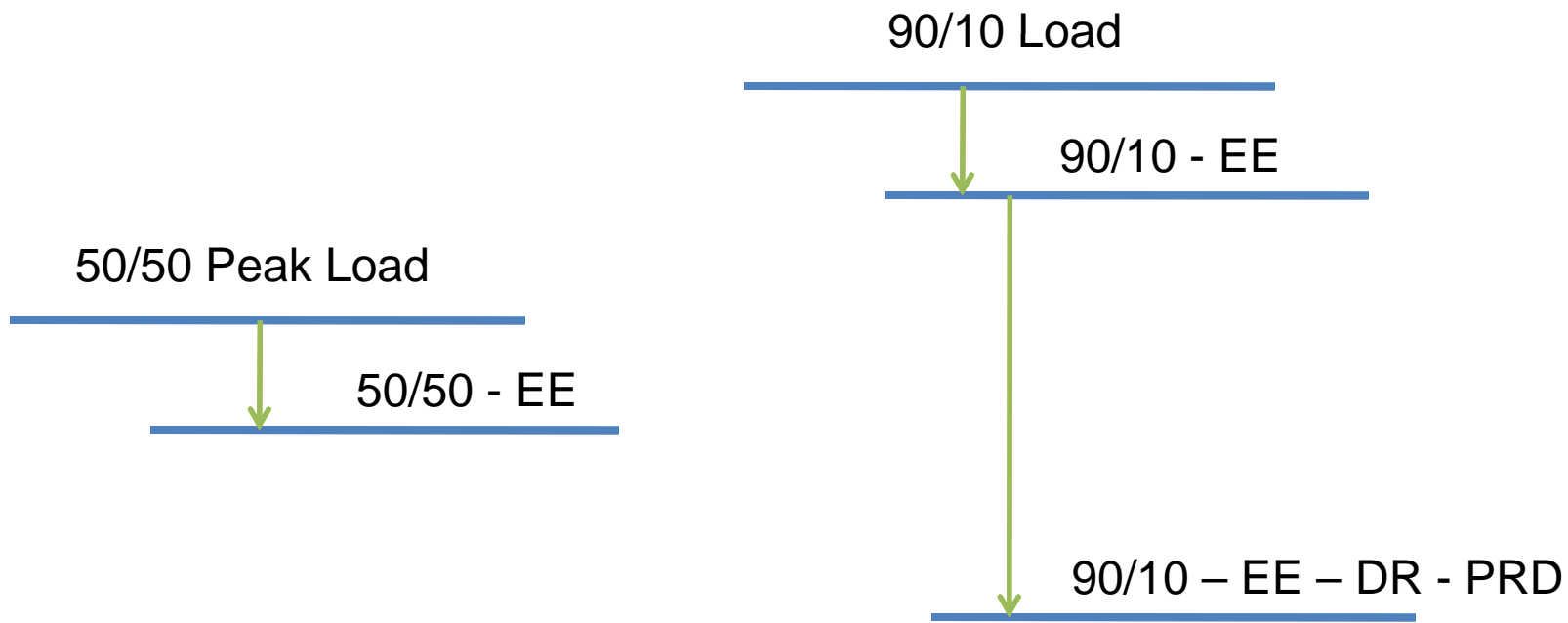
- PJM load deliverability studies consider the effects of DR by reducing the load in the area under test.
- Historically energy efficiency has reduced system load levels in both generation deliverability and load deliverability testing to the extent it is included in the load forecast.
- Recent capacity market changes will require updates to PJM deliverability testing methodology.

- Energy Efficiency
 - EE that cleared in base residual auctions will be explicitly captured in load forecasts.
- Price Responsive Demand
 - Market rules for use of PRD as a capacity resource are being discussed with stakeholders
 - In real time operation, PRD could be called any time Max Emergency Generation is declared
 - We need to determine how we model PRD in our deliverability testing once market rules have been finalized

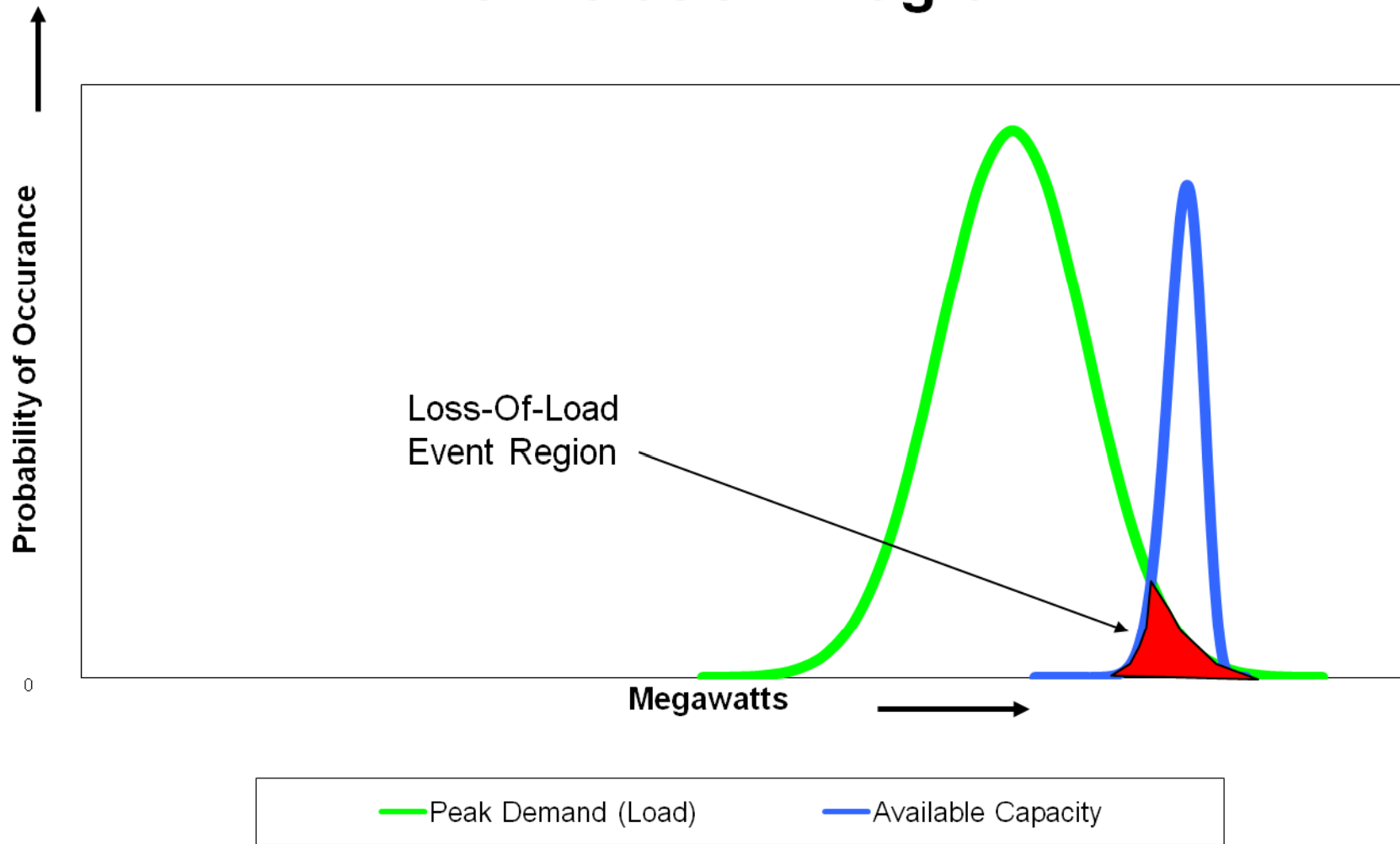
- How to incorporate EE cleared in RPM?
 - Reduce loads in generation deliverability test by amount of EE?
 - Reduce loads in load deliverability test by amount of EE? For all areas?
- 90/10 loads reduced by DR / EE / PRD may be less than 50/50 loads



Peak Load Scenario



Convolution Diagram



- **Energy Efficiency**

- Forecast load levels across PJM will be reduced by the amount of EE that cleared in RPM for load and generation deliverability tests

- **DR and PRD**

- No impact on generation deliverability test (not an emergency condition)
- CETO calculation will assume load in the area under test is reduced by the total amount of DR and PRD for the area
- For CETL calculation, forecast 90/10 load levels in the area under test should be reduced by the amount of DR and PRD that cleared in RPM
 - Except in situations where 90/10 load minus DR and PRD would be less than 50/50 load. In those instances, 50/50 load levels will be used in the area under test.