Optional Designation of Tier2 Demand Response as Flexible
– an eMKT Enhancement

Background and Enhancement

On October 1, 2012, several changes were introduced to the Ancillary Service markets in order to be compliant with criteria established in FERC Order 719. Under these changes, Demand Resource (DR) participating in the Tier2 Synchronized Reserve Market was categorized by default as an “inflexible” Tier2 resource. The designation of inflexible for Tier2 is intended to capture constraints of resources, namely: a minimum Tier2 run time of not lesser than one hour, and a minimum notification time of not lesser than 30 minutes. Inflexible resources participating in the Synchronized Reserve market are only considered in the one hour look-ahead evaluation and are not eligible to be considered in the real-time intra-hour market due to the limitations of these resources.

It has come to PJM’s attention that there are DR resources that can respond in real-time to the intra-hour Tier2 commitment changes. Therefore, PJM is making an enhancement that will allow Curtailment Service Providers (CSPs) that have Tier2 DR resources to have an option of designating their resources as either flexible or inflexible rather than a default designation of inflexible by PJM. This change may also allow for a better market clearing objective of reducing overall cost of production as the real-time market clearing engine will now have visibility to potentially less expensive flexible Tier2 DR.

More information on the changes that were introduced on October 1, 2012 can be found at this link: http://www.pjm.com/markets-and-operations/energy/shortage-pricing.aspx

Changes in eMKT

Similar to generating units, Tier2 DR can now be designated as either flexible or inflexible by the market participant via MUI (Market User Interface) or XML. In eMKT, there is a new column labeled “Flexible”, located in the “Synchronized Reserve Offers” page for Demand. Flexible is a daily parameter that can be used to indicate if the DR should be considered for Tier2 in the hour-ahead study (False — Indicates that the DR is an inflexible Tier2 resource), or if it should be considered in real-time intra-hour study (True — Indicates that the DR is a flexible Tier2 resource). The default value is “False”.

Requirements for Flexible Designation

In order to qualify as a Flexible resource, a Tier2 DR must be able to receive real-time intra-hour Tier2 assignment via ASPIN link to the Director box. PJM is in the process of finalizing remaining details for the communication of this information through the Director box. The implementation schedule will be discussed at the next Demand Response Subcommittee.
Other information regarding this enhancement can be found in the eMKT User Guide and the External Interface Specification Guide for eMKT located under the eMKT Enhancements section at this link: [http://www.pjm.com/markets-and-operations/etools/emkt.aspx](http://www.pjm.com/markets-and-operations/etools/emkt.aspx)

Information regarding the change is located in the following sections of the documents below:

- **eMKT User Guide**
  - Submit Synchronized Offer for Load Resources
- **External Interface Specification Guide for eMKT**
  - 6.5 Submit DSR Synch Reserve Offer
- **eMKT XML Schema**
  - DSR Synch Reserve Offer Type