PJM CIFP - Large Load Additions (LLA) Changes to PJM's PRD Package

November 6, 2025

Critical Issue Fast Path - Large Load Additions - Stage 3

Southern Maryland Electric Cooperative (SMECO)

Price Responsive Demand – Background (1/2)

***<u>Background</u>*:** Price Responsive Demand, or PRD, in the capacity market is a firm commitment to reduce load in response to a defined level of RT energy prices:

- PRD – "load that will automatically respond to energy prices and be off the grid during PJM emergency in exchange for a reduction in the capacity requirement"*
- RPM capacity is not procured for PRD load; PRD may be thought of as market version of voluntary NCBL.
- Effective with the 2022/2023 Delivery Year, to the extent load was not already reduced, the PRD Provider is required to have remote capability to decrease the load at each location contained in the PRD Registration to the required service level when an Emergency Action triggers a Performance Assessment Interval and the Real-time LMP at the applicable location has exceeded the level at which the load was committed to reduce.** (Emphasis Added).

See: * PJM DR/PRD Education at slide 28: https://www.pjm.com/-/media/DotCom/committees-groups/cifp-lla/2025/20251021/20251021-item-02---load-management-and-prd-education---pjm-presentation.pdf; ** PJM M18 at Section 3A.3: https://www.pjm.com/-/media/DotCom/documents/manuals/m18.ashx;

Price Responsive Demand – Background (2/2)

<u>PJM'S 9.23.11 section 205 PRD submittal:</u> The revised RAA directs the PRD Provider to specify its loads' willingness to reduce as a "PRD Curve"[.]

All load reductions identified on each PRD Curve must be achievable within 15 minutes of PJM declaring a Maximum Generation Emergency. The final, i.e., highest-price, point on the curve will be that PRD load's Maximum Emergency Service Level for the identified loads. That price may not exceed the energy offer price cap in PJM's energy market rules. [FN78: The current offer price cap is $1000/MWh. See Operating Agreement, Schedule 1, section 6A.]

The same logic presented in PJM's 2011 submittal, i.e., an offer cap of $1,000/MWh, are true today.

See: PJM PRD Filing in Docket No. ER11-4628: https://elibrary.ferc.gov/eLibrary/filedownload?fileid=01920689-66E2-5005-8110-C31FAFC91712.

PJM CIFP-LLA Proposal – $1,849/MWh

<u>CIFP-LLA Proposal</u>: PJM proposes to remove the requirements for a dynamic retail rate and adopt a $1,849/MWh PRD strike price.*

The stated rationale of the PJM package is to provide alignment with the 30-minute DR product, which has an $1,849/MWh strike price.**

pjm

Demand Response Proposed Changes

	Description	Notes
Price Responsive Demand (PRD)	• Remove the requirements for a dynamic retail rate and replace with an energy market offer price. • PRD required to respond if dispatched (same as DR) prior to offer price. This aligns DR and PRD as far as dispatch order. • If there is a PAI, PRD is subject to penalty if dispatched by PJM or LMP is higher than offer price. (Same as DR) • Energy Price cap same as DR (30 min)	These changes make PRD and DR the same except for the following: • DR has an ELCC and PJM dispatches. • PRD has no ELCC but has supervisory control.

See: PJM CIFP-LLA 10.24.25 Presentation: https://www.pjm.com/-/media/DotCom/committees-groups/cifp-lla/2025/20251024/20251024-item-03---pjm-stage-3-package-.pdf; FERC accepted proposed changes to have the max strike price for 30-minute DR to be $1,000/MWh + 1*Shortage penalty - $1.00/MWh (Docket No. ER14-822).

PRD PJM LLA Proposal / Alternative Proposal

- While the PJM PRD proposal expands the PRD Platform, a Strike Price of $1,849/MWh presents its own RA challenges.

- Given the prospect of thousands of MWs of new large loads signing up for PRD service, it places PJM in a predicament: prices would need to exceed $1,800/MWh to curtail load.

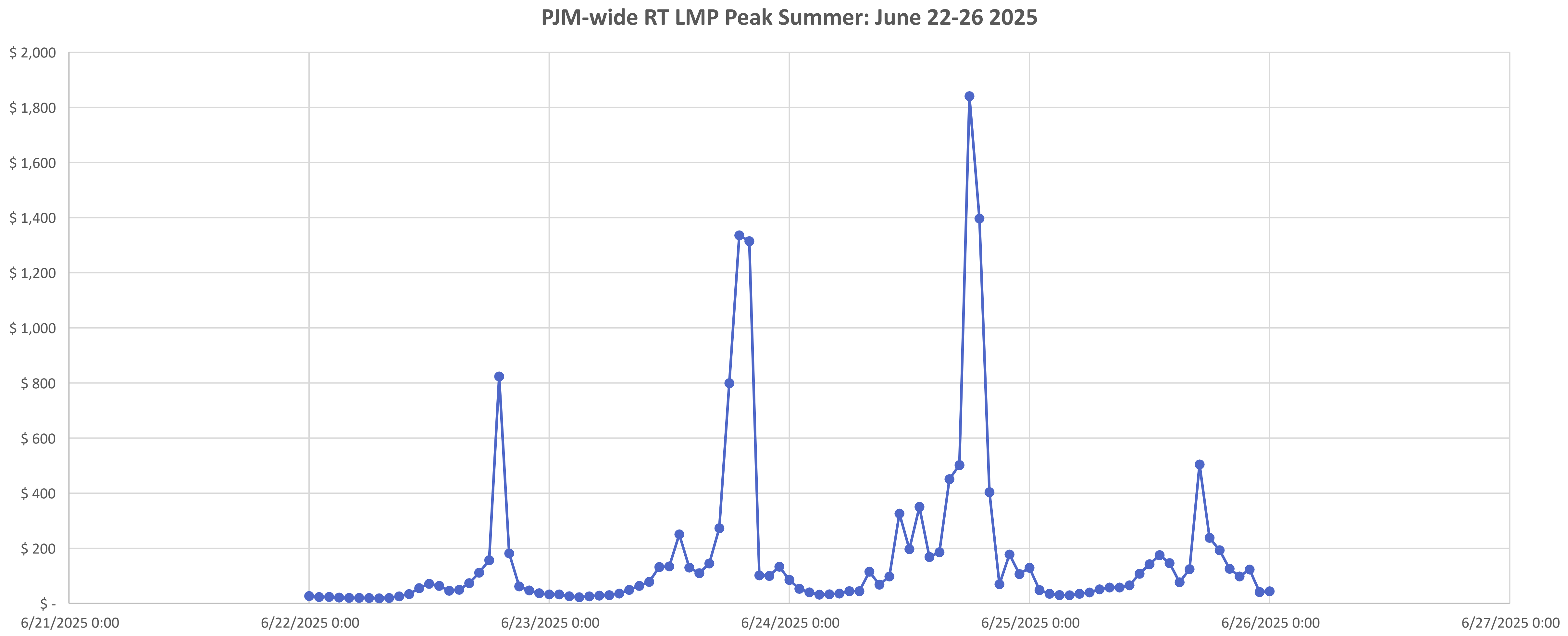
- Only once in the last 365 days did RTO integrated LMP exceed $1,800/MWh.* Moreover, PJM cannot pay uplift to PRD load, thus, PJM cannot 'dispatch' PRD below the strike Price.

- This leads to scenarios where PJM has a system emergency, but PRD load has not come off the system because LMP is not high enough. Generating resources must abide by a $1,000/MWh soft offer cap. This was the apparent logic in PJM's '11 PRD submittal.

- **<u>SMECO Proposal</u>**: Adopt a $1,000/MWh PRD strike (PRD load curtailment) price.

See: * Appendix

Appendix: Recent PJM LMP History



See: Data Miner 2 - https://dataminer2.pjm.com/feed/rt_hrl_lmps/definition