

**PJM: Critical Issue Fast Path - Large Load Additions - Stage 4**  
**November 19, 2025: Topic: Price Responsive Demand**

**Price Responsive Demand (PRD)** is an RPM capacity market product based on a firm commitment to reduce load in response to a defined level of RT energy prices and conditions (PAI). To address large loads, PJM proposes to expand the PRD platform. In some sense, then, PRD is a form of non-capacity backed load. Based on its understanding of PJM’s PRD platform evolution, SMECO proposes three (3) common-sense market design revisions to the current (as of 1.6.25 and, again, as we understand it) PJM PRD Package:

1. **\$1,000/MWh strike price (versus PJM’s proposed \$1,849 strike price); our logic is noted below.**
2. **Need for a penalty for PRD non-performance is if PJM requests PRD dispatch (of both regular PRD and ‘AR Exception’ PRD) when neither strike price or PAI issuance conditions are met.**
3. **Need for clarification of Automation Requirement Exception: who has supervisory control, the EDC or the end-use customer meeting the Automation Requirement Exception’s standards (“a single site, single location, single end-use customer with supervisory control over processes”).**

| Item                                             | Status Quo PRD                                                                                                                                                         | PJM                                                                                                            | SMECO Proposal                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strike Price                                     | \$1,849/MWh.                                                                                                                                                           | \$1,849/MWh.                                                                                                   | \$1,000/MWh; see below for logic.                                                                                                                                                                                                                                                                                                        |
| Strike price linkage with Shortage Pricing:      | \$1,849: \$1,000/MWh plus \$850/MWh minus \$1/MWh. The “\$850” is PJM’s Reserve products (SR, NSR, 30-minute) minimum reserve requirements Penalty Factor.             | \$1,849; to match 30-minute DR dispatch.                                                                       | The “\$850” PJM SR/NSR Penalty factor embedded in the PJM \$1,849 Strike price will change, and when it does, the RT LMP that is required for PRD curtailment will also rise. Evolution of SR/NSR Penalty factor will put PRD Dispatch out of reach or will require RTO or MAD PAI to dispatch PRD (or dispatch of PRD via PJM request). |
| Registered Load PRD Curtailment Triggers:        | Strike Price and Performance Assessment Interval (PAI) issuance.                                                                                                       | Strike Price or PAI. If there is a PAI, PRD is subject to penalty if dispatched by PJM or LMP > PRD Strike     | PJM’s Strike Price or PAI.                                                                                                                                                                                                                                                                                                               |
| Other Triggers of PRD Load Curtailment:          | N/A                                                                                                                                                                    | If PJM needs PRD registered load to curtail, PJM can request PRD dispatch (akin to pre-emergency DR dispatch). | Need for clarity on what penalty for PRD non-performance is if PJM requests PRD dispatch (of both regular PRD and ‘AR Exception’ PRD) but neither strike price or PAI issuance conditions are met.                                                                                                                                       |
| Supervisory Control:                             | PRD provider must have Supervisory Control of PRD load                                                                                                                 | Status Quo                                                                                                     | Status Quo                                                                                                                                                                                                                                                                                                                               |
| Automation Requirement:                          | PRD Provider must have remote capability to decrease PRD load at each location.                                                                                        | Status Quo                                                                                                     | Status Quo                                                                                                                                                                                                                                                                                                                               |
| Automation Requirement Exception (AR Exception): | AR Exception: a single site, single location, single end-use customer with supervisory control over processes can obtain an exception from the Automation Requirement. | Status Quo                                                                                                     | Needs Clarification: Who has supervisory control over the PRD dispatch? Is it the EDC or “single end-use customer”? EDC may be the “PRD provider” and may have PAI Non-performance risk, but unclear if EDC will possess Supervisory Control over PRD dispatch (curtailment) in AR Exception scenario.                                   |