



DATE: February 17, 2026
TO: PJM/MIC
FROM: IMM
SUBJECT: DR Penalties

The IMM recommends adding these critical issues related to DR penalties to the matrix and specifically the definition of performance. The IMM includes our view on the appropriate resolution to each of these issues.

1. **Definition of DR performance obligations:** Add clear requirements to tariff and manual. The performance obligations are not clear.
 - a. The IMM recommends that: FSL registrations are required to reduce to their FSL in every event hour. GLD registrations are required to reduce by their committed amount in every event hour.
 - b. The IMM recommends that: In Attachment K section 8.5, the “participant” that is required to reduce load should be defined as the registration.
 - c. In order to measure which registrations and CSPs meet the tariff standard of “reduc[ing] load,” the IMM recommends that PJM should calculate a CBL for all registrations with submitted meter data in all hours of the event, regardless of their settlement status.
 - d. The IMM recommends that any registration participating in the capacity compliance determination be required to undergo an energy market settlement even if the metered load was above the customer baseline.
 - e. The performance metric should be modified and clarified to have the intended effect. Per Attachment K section 8.9, PJM’s performance metric simplifies to $PLC - (Load * Loss Factor)$. The IMM recommends the performance metric: $(CBL - Meter) / (CBL - FSL)$.
 - f. The PJM performance metric excludes/ignores negative values. If a registration increases rather than reducing its demand, it has a performance of 0 MW, rather than a negative number. The IMM recommends that negative values be included in measured performance.
 - g. The PJM performance metric allows netting across all registrations across the entire PJM footprint. The IMM recommends that netting not be included in the calculation of measured performance.
 - h. The PJM performance metric sums the average hourly performance across all registrations. The IMM recommends that the performance metric should be by event and by hour and by registration.