

1.5A Economic Load Response Participant.

As used in this section 1.5A, the term “end-use customer” refers to an individual location or aggregation of locations that consume electricity as identified by a unique electric distribution company account number.

1.5A.1 Qualification.

A Member or Special Member that is an end-use customer, Load Serving Entity or Curtailment Service Provider that has the ability to cause a reduction in demand as metered on an electric distribution company account basis (or for non-interval metered residential Direct Load Control customers, as metered on a statistical sample of electric distribution company accounts utilizing current data, as described in the PJM Manuals) or has an On-Site Generator that enables demand reduction may become an Economic Load Response Participant by complying with the requirements of the applicable Relevant Electric Retail Regulatory Authority and all other applicable federal, state and local regulatory entities together with this section 1.5A including, but not limited to, section 1.5A.3 below. A Member or Special Member may aggregate multiple individual end-use customer sites to qualify as an Economic Load Response Participant, subject to the requirements of section 1.5A.10 below.

1.5A.2 Special Member.

Entities that are not Members and desire to participate solely in the Real-time Energy Market by reducing demand may become a Special Member by paying an annual membership fee of \$500 plus 10% of each payment owed by PJM Settlement for a Load Reduction Event not to exceed \$5,000 in a calendar year. For entities that become Special Members pursuant to this section, the following obligations are waived: (i) the \$1,500 membership application fee set forth in Operating Agreement, Schedule 1, section 1.4.3 and the parallel provisions of Tariff, Attachment K-Appendix, section 1.4.3; (ii) liability under Operating Agreement, section 15.2 for Member defaults; (iii) thirty days notice for waiting period; and (iv) the requirement for 24/7 control center coverage. In addition, such Members shall not have voting privileges in committees or sector designations, and shall not be permitted to form user groups. On January 1 of a calendar year, a Special Member under this section, at its sole election, may become a Member rather than a Special Member subject to all rules governing being a Member, including regular application and membership fee requirements.

1.5A.3 Registration.

1. Prior to participating in the PJM Interchange Energy Market or Ancillary Services Market, Economic Load Response Participants must complete either the Economic Load Response or Economic Load Response Regulation Only Registration Form posted on the Office of the Interconnection’s website and submit such form to the Office of the Interconnection for each end-use customer, or aggregation of end-use customers, pursuant to the requirements set forth in the PJM Manuals. The Curtailment Service Provider shall not include Critical Natural Gas Infrastructure end-use customers in the registration. Notwithstanding the below sub-provisions, Economic Load Response Regulation Only registrations and Economic Load

Response residential customer registrations not participating in the Day-ahead Energy Market will not require the identification of the relevant Load Serving Entity, nor will such relevant Load Serving Entity be notified of such registration or requested to verify such registration. All other below sub-provisions apply equally to Economic Load Response Regulation Only registrations, and Economic Load Response residential customer registrations not participating in the Day-ahead Energy Market, as well as Economic Load Response registrations.

a. For end-use customers of an electric distribution company that distributed more than 4 million MWh in the previous fiscal year:

- i. After confirming that an entity has met all of the qualifications to be an Economic Load Response Participant, the Office of the Interconnection shall notify the relevant electric distribution company or Load Serving Entity, as determined based upon the type of registration submitted (i.e., either an Economic Load Response registration, Economic Load Response residential customer registrations not participating in the Day-ahead Energy Market, or an Economic Load Response Regulation Only registration), of an Economic Load Response Participant's registration and request verification as to whether the load that may be reduced is subject to another contractual obligation or to laws or regulations of the Relevant Electric Retail Regulatory Authority that prohibit or condition the end-use customer's participation in PJM's Economic Load Response Program. The relevant electric distribution company or Load Serving Entity shall have ten Business Days to respond. A relevant electric distribution company or Load Serving Entity which seeks to assert that the laws or regulations of the Relevant Electric Retail Regulatory Authority prohibit or condition (which condition the electric distribution company or Load Serving Entity asserts has not been satisfied) the end-use customer's participation in PJM's Economic Load Response program shall provide to PJM, within the referenced ten Business Day review period, either: (a) an order, resolution or ordinance of the Relevant Electric Retail Regulatory Authority prohibiting or conditioning the end-use customer's participation, (b) an opinion of the Relevant Electric Retail Regulatory Authority's legal counsel attesting to the existence of a regulation or law prohibiting or conditioning the end-use customer's participation, or (c) an opinion of the state Attorney General, on behalf of the Relevant Electric Retail Regulatory Authority, attesting to the existence of a regulation or law prohibiting or conditioning the end-use customer's participation.
- ii. In the absence of a response from the relevant electric distribution company or Load Serving Entity within the referenced ten Business Day review period, the Office of the Interconnection shall assume that the load to be reduced is not subject to other contractual obligations or to laws or regulations of the Relevant Electric Retail Regulatory Authority that prohibit or condition the end-use customer's participation in PJM's Economic Load Response Program, and the Office of the Interconnection shall accept the registration, provided it meets the requirements of this section 1.5A and is not an Economic Load Response

Regulation Only registration that will inject power onto the distribution system and in accordance with the Manuals.

- b. For end-use customers of an electric distribution company that distributed 4 million MWh or less in the previous fiscal year:
 - i. After confirming that an entity has met all of the qualifications to be an Economic Load Response Participant, the Office of the Interconnection shall notify the relevant electric distribution company or Load Serving Entity, as determined based upon the type of registration submitted (i.e., either an Economic Load Response registration, Economic Load Response residential customer registrations not participating in the Day-ahead Energy Market, or an Economic Load Response Regulation Only registration), of an Economic Load Response Participant's registration and request verification as to whether the load that may be reduced is permitted to participate in PJM's Economic Load Response Program. The relevant electric distribution company or Load Serving Entity shall have ten Business Days to respond. If the relevant electric distribution company or Load Serving Entity verifies that the load that may be reduced is permitted or conditionally permitted (which condition the electric distribution company or Load Serving Entity asserts has been satisfied) to participate in the Economic Load Response Program, then the electric distribution company or the Load Serving Entity must provide to the Office of the Interconnection within the referenced ten Business Day review period evidence from the Relevant Electric Retail Regulatory Authority permitting or conditionally permitting the Economic Load Response Participant to participate in the Economic Load Response Program. Evidence from the Relevant Electric Retail Regulatory Authority permitting the Economic Load Response Participant to participate in the Economic Load Response Program shall be in the form of either: (a) an order, resolution or ordinance of the Relevant Electric Retail Regulatory Authority permitting or conditionally permitting the end-use customer's participation, (b) an opinion of the Relevant Electric Retail Regulatory Authority's legal counsel attesting to the existence of a regulation or law permitting or conditionally permitting the end-use customer's participation, or (c) an opinion of the state Attorney General, on behalf of the Relevant Electric Retail Regulatory Authority, attesting to the existence of a regulation or law permitting or conditionally permitting the end-use customer's participation.
 - ii. In the absence of a response from the relevant electric distribution company or Load Serving Entity within the referenced ten Business Day review period, the Office of the Interconnection shall reject the registration. If it is able to do so in compliance with this section 1.5A, including this subsection 1.5A.3, the Economic Load Response Participant may submit a new registration for consideration if a prior registration has been rejected pursuant to this subsection.
2. In the event that the end-use customer is subject to another contractual obligation, special settlement terms may be employed to accommodate such contractual obligation. The Office of

the Interconnection shall notify the end-use customer or appropriate Curtailment Service Provider, or relevant electric distribution company and/or Load Serving Entity that the Economic Load Response Participant has or has not met the requirements of this section 1.5A. An end-use customer that desires not to be simultaneously registered to reduce demand under the Emergency Load Response and Pre-Emergency Load Response Programs and under this section, upon one-day advance notice to the Office of the Interconnection, may switch its registration for reducing demand, if it has been registered to reduce load for 15 consecutive days under its current registration.

1.5A.3.01 Economic Load Response Registrations in Effect as of August 28, 2009

1. For end-use customers of an electric distribution company that distributed more than 4 million MWh in the previous fiscal year:

a. Effective as of the later of either August 28, 2009 (the effective date of Wholesale Competition in Regions with Organized Electric Markets, Order 719-A, 128 FERC ¶ 61,059 (2009) (“Order 719-A”)) or the effective date of a Relevant Electric Retail Regulatory Authority law or regulation prohibiting or conditioning (which condition the electric distribution company or Load Serving Entity asserts has not been satisfied) the end-use customer’s participation in PJM’s Economic Load Response Program, the existing Economic Load Response Participant’s registration submitted to the Office of the Interconnection prior to August 28, 2009, will be deemed to be terminated upon an electric distribution company or Load Serving Entity submitting to the Office of the Interconnection either: (a) an order, resolution or ordinance of the Relevant Electric Retail Regulatory Authority prohibiting or conditioning the end-use customer’s participation, (b) an opinion of the Relevant Electric Retail Regulatory Authority’s legal counsel attesting to the existence of a regulation or law prohibiting or conditioning the end-use customer’s participation, or (c) an opinion of the state Attorney General, on behalf of the Relevant Electric Retail Regulatory Authority, attesting to the existence of a regulation or law prohibiting or conditioning the end-use customer’s participation.

i. For registrations terminated pursuant to this section, all Economic Load Response Participant activity incurred prior to the termination date of the registration shall be settled by PJM Settlement in accordance with the terms and conditions contained in the PJM Tariff, PJM Operating Agreement and PJM Manuals.

2. For end-use customers of an electric distribution company that distributed 4 million MWh or less in the previous fiscal year:

a. Effective as of August 28, 2009 (the effective date of Order 719-A), an existing Economic Load Response Participant's registration submitted to the Office of the Interconnection prior to August 28, 2009, will be deemed to be terminated unless an electric distribution company or Load Serving Entity verifies that the existing registration is permitted or conditionally permitted (which condition the electric distribution company or Load Serving Entity asserts has been satisfied) to participate in the Economic Load Response Program and provides evidence to the Office of the Interconnection documenting that the permission or

conditional permission is pursuant to the laws or regulations of the Relevant Electric Retail Regulatory Authority. If the electric distribution company or Load Serving Entity verifies that the existing registration is permitted or conditionally permitted (which condition the electric distribution company or Load Serving Entity asserts has been satisfied) to participate in the Economic Load Response Program, then, within ten Business Days of verifying such permission or conditional permission, the electric distribution company or Load Serving Entity must provide to the Office of the Interconnection evidence from the Relevant Electric Retail Regulatory Authority permitting or conditionally permitting the Economic Load Response Participant to participate in the Economic Load Response Program. Evidence from the Relevant Electric Retail Regulatory Authority permitting or conditionally permitting the Economic Load Response Participant to participate in the Economic Load Response Program shall be in the form of either: (a) an order, resolution or ordinance of the Relevant Electric Retail Regulatory Authority permitting or conditionally permitting the end-use customer's participation, (b) an opinion of the Relevant Electric Retail Regulatory Authority's legal counsel attesting to the existence of a regulation or law permitting or conditionally permitting the end-use customer's participation, or (c) an opinion of the state Attorney General, on behalf of the Relevant Electric Retail Regulatory Authority, attesting to the existence of a regulation or law permitting or conditionally permitting the end-use customer's participation.

- i. For registrations terminated pursuant to this section, all Economic Load Response Participant activity incurred prior to the termination date of the registration shall be settled by PJM Settlement in accordance with the terms and conditions contained in the PJM Tariff, PJM Operating Agreement and PJM Manuals.

3. All registrations submitted to the Office of the Interconnection on or after August 28, 2009, including requests to extend existing registrations, will be processed by the Office of the Interconnection in accordance with the provisions of this section 1.5A, including this subsection 1.5A.3.

1.5A.3.02 Economic Load Response Regulation Only Registrations.

An Economic Load Response Regulation Only registration allows end-use customer participation in the Regulation market only, and may be submitted by a Curtailment Service Provider that is different than the Curtailment Service Provider that submits an Emergency Load Response Program registration, Pre-Emergency Load Response Program registration or Economic Load Response registration for the same end-use customer. An end-use customer that is registered as Economic Load Response Regulation Only shall not be permitted to register and/or participate in any other Ancillary Service markets at the same time, but may have a second, simultaneously existing Economic Load Response registration to participate in the PJM Interchange Energy Market as set forth in the PJM Manuals.

An Economic Load Response Regulation Only registration may also participate in the Regulation market when the end-use customer is injecting power onto the distribution grid if it meets the following additional requirements to participate when injecting:

- The end-use customer(s) must be on an associated electric distribution company's net energy metering tariff; and
- The registration must use sub-metered data for measurement and verification in accordance with Tariff, Attachment K-Appendix, section 1.5A.4.

1.5A.4 Metering and Electronic Dispatch Signal.

a) The Curtailment Service Provider is responsible for ensuring that end-use customers have metering equipment that provides integrated hourly kWh values on an electric distribution company account basis. For non-interval metered residential customers not participating in the pilot program under section 1.5A.7 below, the Curtailment Service Provider must ensure that a representative sample of residential customers has metering equipment that provides integrated hourly kWh values on an electric distribution company account basis, as set forth in the PJM Manuals. The metering equipment shall either meet the electric distribution company requirements for accuracy, or have a maximum error of two percent over the full range of the metering equipment (including potential transformers and current transformers) and the metering equipment and associated data shall meet the requirements set forth herein and in the PJM Manuals. End-use customer reductions in demand must be metered by recording integrated hourly values for On-Site Generators running to serve local load (net of output used by the On-Site Generator), or by metering load on an electric distribution company account basis and comparing actual metered load to its Customer Baseline Load, calculated pursuant to Operating Agreement, Schedule 1, section 3.3A and the parallel provisions of Tariff, Attachment K-Appendix, section 3.3A, or on an alternative metering basis approved by the Office of the Interconnection and agreed upon by all relevant parties, including any Curtailment Service Provider, electric distribution company and end-use customer. To qualify for compensation for such load reductions that are not metered directly by the Office of the Interconnection, hourly data reflecting meter readings for each day during which the load reduction occurred and all associated days to determine the reduction must be submitted to the Office of the Interconnection in accordance with the PJM Manuals within 60 days of the load reduction.

Curtailment Service Providers that have end-use customers that will participate in the Regulation market may be permitted to use Sub-metered load data instead of load data at the electric distribution company account number level for Regulation measurement and verification as set forth in the PJM Manuals and subject to the following:

- a. Curtailment Service Providers, must clearly identify for the Office of the Interconnection all electrical devices that will provide Regulation and identify all other devices used for similar processes within the same Location that will not provide Regulation. The Location must contribute to management of frequency control on the PJM electric grid or PJM shall deny use of Sub-metered load data for the Location.
- b. If the registration to participate in the Regulation market contains an aggregation of Locations, the relevant Curtailment Service Provider will provide the Office of

the Interconnection with load data for each Location's Sub-meter through an after-the-fact load data submission process.

- c. The Office of the Interconnection may conduct random, unannounced audits of all Locations that are registered to participate in the Regulation market to ensure that devices that are registered by the Curtailment Service Providers as providing Regulation service are not otherwise being offset by a change in usage of other devices within the same Location.
 - d. The Office of the Interconnection may suspend the Regulation market activity of Economic Load Response Participants, including Curtailment Service Providers, that do not comply with the Economic Load Response and Regulation market requirements as set forth in Schedule 1 and the PJM Manuals, and may refer the matter to the Market Monitoring Unit and/or the Federal Energy Regulatory Commission Office of Enforcement.
- b) Curtailment Service Providers shall be responsible for maintaining, or ensuring that Economic Load Response Participants maintain, the capability to receive and act upon an electronic dispatch signal from the Office of the Interconnection in accordance with any standards and specifications contained in the PJM Manuals.

1.5A.5 On-Site Generators.

An Economic Load Response Participant that intends to use an On-Site Generator for the purpose of reducing demand to participate in the PJM Interchange Energy Market shall represent to the Office of the Interconnection in writing that it holds all necessary environmental permits applicable to the operation of the On-Site Generator. Unless notified otherwise, the Office of the Interconnection shall deem such representation applies to each time the On-Site Generator is used to reduce demand to enable participation in the PJM Interchange Energy Market and that the On-Site Generator is being operated in compliance with all applicable permits, including any emissions, run-time limits or other operational constraints that may be imposed by such permits.

1.5A.6 Variable-Load Customers.

The loads of an Economic Load Response Participant shall be categorized as variable or non-variable at the time the load is registered, based on hourly load data for the most recent 60 days provided by the Market Participant in the registration process; provided, however, that any alternative means of making such determination when 60 days of data is not available shall be subject to review and approval by the Office of the Interconnection and provided further that 60 days of hourly load data shall not be required on an individual customer basis for non-interval metered residential or Small Commercial Customers that provide Economic Load Response through a direct load control program under which an electric distribution company, Load Serving Entity, or CSP has direct control over such customer's load, without reliance upon any action by such customer to reduce load. Non-Variable Loads shall be those for which the Customer Baseline Load calculation and adjustment methods prescribed by Operating Agreement, Schedule 1, section 3.3A.2 and the parallel provisions of Tariff, Attachment K-

Appendix, section 3.3A.2 and Operating Agreement, Schedule 1, section 3.3A.3 and the parallel provisions of Tariff, Attachment K-Appendix, section 3.3A.3 result in a relative root mean square hourly error of twenty percent or less compared to the actual hourly loads based on the hourly load data provided in the registration process and using statistical methods prescribed in the PJM Manuals. All other loads shall be Variable Loads.

1.5A.7 Non-Hourly Metered Customer Pilot.

Non-hourly metered customers may participate in the PJM Interchange Energy Market as Economic Load Response Participants on a pilot basis under the following circumstances. The Curtailment Service Provider or PJM must propose an alternate method for measuring hourly demand reductions. The Office of the Interconnection shall approve alternate measurement mechanisms on a case-by-case basis for a time specified by the Office of the Interconnection ("Pilot Period"). Demand reductions by non-hourly metered customers using alternate measurement mechanisms on a pilot basis shall be limited to a combined total of 500 MW of reductions in the Emergency Load Response Program, Pre-Emergency Load Response Program and the PJM Interchange Energy Market or Synchronized Reserve market. With the sole exception of the requirement for hourly metering as set forth in section 1.5A.4 above, non-hourly metered customers that qualify as Economic Load Response Participants pursuant to this section 1.5A.7 shall be subject to the rules and procedures for participation by Economic Load Response Participants in the PJM Interchange Energy Market, including, without limitation, the Net Benefits Test and the requirement for dispatch by the Office of the Interconnection. Following completion of a Pilot Period, the alternate method shall be evaluated by the Office of the Interconnection to determine whether such alternate method should be included in the PJM Manuals as an accepted measurement mechanism for demand reductions in the PJM Interchange Energy Market.

1.5A.8 Batch Load Economic Load Response Participant Resource Provision of Synchronized Reserve or Secondary Reserve.

(a) A Batch Load Economic Load Response Participant resource may provide Synchronized Reserve or Secondary Reserve in the PJM Interchange Energy Market provided it has pre-qualified by providing the Office of the Interconnection with documentation acceptable to the Office of the Interconnection that shows six months of one minute incremental load history of the Batch Load Economic Load Response Participant resource, or in the event such history is unavailable, other such information or data acceptable to the Office of the Interconnection to demonstrate that the resource meets the definition of "Batch Load Economic Load Response Participant resource" pursuant to Operating Agreement, Schedule 1, section 1.3.1A.001 and the parallel provisions of Tariff, Attachment K-Appendix, section 1.3.1A.001. This requirement is a one-time pre-qualification requirement for a Batch Load Economic Load Response Participant resource.

(b) A Batch Load Economic Load Response Participant resource that is consuming energy at the start of a Synchronized Reserve Event, or, if committed to provide Secondary Reserve, at the time of a dispatch instruction from the Office of the Interconnection to reduce load, shall respond to the Office of the Interconnection's calling of a Synchronized Reserve

Event, or to such instruction to reduce load, by reducing load as quickly as it is capable and by keeping its consumption at or near zero megawatts for the entire length of the Synchronized Reserve Event following the reduction, or, in the case of Secondary Reserve, until a dispatch instruction that load reductions are no longer required. A Batch Load Economic Load Response Participant resource that has reduced its consumption of energy for its production processes to minimal or zero megawatts before the start of a Synchronized Reserve Event (or, in the case of Secondary Reserve, before a dispatch instruction to reduce load) shall respond to the Office of the Interconnection's calling of a Synchronized Reserve Event (or such instruction to reduce load) by reducing any load that is present at the time the Synchronized Reserve Event is called (or at the time of such instruction to reduce load) as quickly as it is capable, delaying the restart of its production processes, and keeping its consumption at or near zero megawatts for the entire length of the Synchronized Reserve Event following any such reduction (or, in the case of Secondary Reserve, until a dispatch instruction that load reductions are no longer required). Failure to respond as described in this section shall be considered non-compliance with the Office of the Interconnection's dispatch instruction associated with a Synchronized Reserve Event, or as applicable, associated with an instruction to a resource committed to provide Secondary Reserve to reduce load.

1.5A.9 Day-ahead and Real-time Energy Market Participation.

Economic Load Response Participants shall be compensated under Operating Agreement, Schedule 1, section 3.3A.5 and the parallel provisions of Tariff, Attachment K-Appendix, section 3.3A.5 and Operating Agreement, Schedule 1, section 3.3A.6 and the parallel provisions of Tariff, Attachment K-Appendix, section 3.3A.6 only if they participate in the Day-ahead or Real-time Energy Markets as a dispatchable resource.

1.5A.10 Aggregation for Economic Load Response Registrations.

The purpose for aggregation is to allow the participation of end-use customers in the Energy Market that can provide less than 0.1 megawatt of demand response when they currently have no alternative opportunity to participate on an individual basis or can provide less than 0.1 megawatt of demand response in the Secondary Reserve, Synchronized Reserve or Regulation markets when they currently have no alternative opportunity to participate on an individual basis. Aggregations pursuant to section 1.5A.1 above shall be subject to the following requirements:

- i. All end-use customers in an aggregation shall be specifically identified;
- ii. All end-use customers in an aggregation shall be served by the same electric distribution company or Load Serving Entity where the electric distribution company is the Load Serving Entity for all end-use customers in the aggregation. Residential customers that are part of an aggregate that does not participate in the Day-Ahead Energy Market do not need to share the same Load Serving Entity;
- iii. All end-use customers in an aggregation that settle at Transmission Zone, existing load aggregate, or node prices shall be located in the same Transmission Zone, existing load aggregate or at the same node, respectively;

iv. A single CBL for the aggregation shall be used to determine settlements pursuant to Operating Agreement, Schedule 1, section 3.3A.5 and the parallel provisions of Tariff, Attachment K-Appendix, section 3.3A.5 and Operating Agreement, Schedule 1, section 3.3A.6 and the parallel provisions of Tariff, Attachment K-Appendix, section 3.3A.6;

v. If the aggregation will only provide energy to the market then only one end-use customer within the aggregation shall have the ability to reduce more than 0.099 megawatt of load unless the Curtailment Service Provider, Load Serving Entity and PJM approve. If the aggregation will provide an Ancillary Service to the market then only one end-use customer within the aggregation shall have the ability to reduce more than 0.099 megawatt of load unless the Curtailment Service Provider, Load Serving Entity and PJM approve;

vi. Each end-use customer site must meet the requirements for market participation by an Economic Load Response Participant resource except for the 0.1 megawatt minimum load reduction requirement for energy or the 0.1 megawatt minimum load reduction requirement for Ancillary Services; and

vii. An end-use customer's participation in the Energy and Ancillary Services markets shall be administered under one economic registration.

1.5A.10.01 Aggregation for Economic Load Response Regulation Only Registrations

The purpose for aggregation is to allow the participation of end-use customers in the Regulation market that can provide less than 0.1 megawatt of demand response when they currently have no alternative opportunity to participate on an individual basis. Aggregations pursuant to section 1.5A.1 above shall be subject to the following requirements:

- i. All end-use customers in an aggregation shall be specifically identified;
- ii. All end-use customers in the aggregation must be served by the same electric distribution company and must also be part of the same Transmission Zone; and
- iii. Each end-use customer site must meet the requirements for market participation by an Economic Load Response Participant resource except for the 0.1 megawatt minimum load reduction requirement for Regulation service.

1.5A.11 Reporting

(a) PJM will post on its website a report of demand response activity, and will provide a summary thereof to the PJM Markets and Reliability Committee on an annual basis.

(b) As PJM receives evidence from the electric distribution companies or Load Serving Entities pursuant to section 1.5A.3 above, PJM will post on its website a list of those Relevant Electric Retail Regulatory Authorities that the electric distribution companies or Load Serving Entities assert prohibit or condition retail participation in PJM's Economic Load Response Program together with a corresponding reference to the Relevant Electric Retail

Regulatory Authority evidence that is provided to PJM by the electric distribution companies or Load Serving Entities.