Capacity Market Manual (M-18)
Revisions for Price Responsive Demand

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Market Implementation Committee
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# M-18 Revisions for Price Responsive Demand (PRD)

<table>
<thead>
<tr>
<th>Action Required</th>
<th>Deadline</th>
<th>Who May Be Affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communicate conforming revisions for PRD to staff</td>
<td>05/28/2020</td>
<td>PRD Providers</td>
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Summary of M-18 Revisions for PRD

• Conforming Revisions for FERC Orders:
  – ER20-271-001: Compliance filing for PRD Revisions
  – ER20-271-000: PRD Revisions to align PRD rules with Capacity Performance construct

• Clean-up in Maximum Emergency Event Compliance section to conform to existing language in RAA & OATT
Conforming Revisions for ER20-271-001

• Order ER20-271-001 issued February 28, 2020 accepted PJM’s compliance filing
• Compliance filing clarified that PRD is not eligible to receive bonus Performance Payments during a Performance Assessment Interval (PAI) when the PRD Curve associated with the PRD registration has a price point above the real-time Locational Marginal Price recorded during the PAI.
• Revisions in first paragraph of Section 3A.6.2A
  “Compliance is measured for a PRD registration upon declaration of a Performance Assessment Interval in same sub-zone/zone of such PRD registration and when the PRD Curve associated with such registration in the PJM Real-time Energy Market has a price point where demand reduction is expected at Real Time LMP recorded during the Performance Assessment Interval. A PRD registration shall not be considered in the calculation of a Performance Shortfall or Bonus Performance when the PRD Curve associated with such registration in the Real-time Energy Market indicates a price point where no demand reduction is expected at the real-time LMP recorded during the Performance Assessment Interval.”
Conforming Revisions for ER20-271-000

- Order ER20-271-000 issued on December 20, 2020 accepted PJM’s filing to align PRD rules with Capacity Performance construct subject to compliance

- Manual revisions were already approved by the MRC on December 6, 2018
  - Any updates regarding the use of winter peak load or winter firm service level in the nomination and performance of PRD were removed based on FERC’s rejection of initial PRD filing ER19-1012

Posted M-18 redline includes revisions for ER20-271-000. Endorsement for ER20-271-000 revisions is not being sought since these revisions were already approved by the MRC.
Clean-up in Max Emergency Event Compliance Section

- Revisions in Section 3A.6.2 Maximum Emergency Event Compliance (Prior to 2022/2023 Delivery Year)
  - Clarified that compliance is measured for a PRD registration during a Maximum Emergency Event when a demand reduction is expected based on the PRD Curve in Energy Market
  - Corrected manual language to conform to language in RAA and OATT regarding the MESL adjustment
    - Corrected the description of the service level adjustment factor to reference load “during the emergency event” as opposed to load “at time of RTO unrestricted peak”
    - Added the clause “meeting the price conditions specified for compliance” to Zonal Expected Peak Load Value of PRD in the Zone
First Read/Endorsement Schedule

• First Read
  – 04/15/2020 MIC
  – 04/30/2020 MRC

• Endorsement
  – 05/13/2020 MIC
  – 05/28/2020 MRC