Demand Response Offers

DERSC
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Demand Response Terms

• Offer Price is used for Economic DR (Not Capacity).
  • Price at which load is willing to reduce. Offer price can be changed.

• Strike Price is used for Emergency/Pre-Emergency DR (Capacity).
  • Price guaranteed to be paid when Load Management Event dispatched by PJM. Strike price cannot be changed during a delivery year.

• Shutdown costs are used for both Economic and Emergency DR.
  • No rules defining shutdown costs.
Economic Demand Response (Not Capacity)

- Voluntary offers
- Maximum offer price is $2,000/MWh
  - Any offers above $1,000/MWh must be based on verified costs. No rules defining costs.
- Economic DR makes only price based offers.
  - No market power mitigation applies, even if DR resources fail TPS test.
- Shutdown costs are not verified or limited by PJM.
Emergency and Pre-Emergency Demand Response (Capacity)

- Maximum strike price based on lead time:
  - Default is 30 minute: $1,849/MWh
  - If approved by PJM 60 minute: $1,425/MWh
  - If approved by PJM 120 minute: $1,100/MWh
- Shutdown costs are not verified or limited by PJM.
- Not subject to cost-based offers under Order 831.
  - No market power mitigation applies, even if DR resources fail TPS test.