

II. ANSWER

A. *Proposed Non-Performance Charges for Price Responsive Demand During Performance Assessment Intervals are Appropriate.*

The Market Monitor argues that Price Responsive Demand (“PRD”) should be subject to Non-Performance Charges⁴ regardless of Locational Marginal Prices (“LMPs”). As PJM explained in the filing letter,⁵ PRD should not be subject to a Non-Performance Charge during a Performance Assessment Interval when LMPs are less than the specified price points in the relevant PRD Plans because the obligation of the end-use customer is to curtail at the specified price point. In the event LMPs are less than those specified price points during a Performance Assessment Interval, participating end-use customer loads may not be on notice that they should curtail load and may not be prepared to curtail since they are designed to automatically curtail based on LMPs. As a result, it would be unfair to subject PRD Providers to Non-Performance Charges during those limited circumstances.

Moreover, the Market Monitor’s comments amount to a collateral attack on the existing PRD rules that the Commission accepted over seven years ago.⁶ Specifically, the existing rule states that a PRD Provider is only assessed a non-compliance charge when the PRD Curve specifies a price *at or below* the highest Real-time LMP recorded during a Maximum Generation

⁴ For the purpose of this filing, capitalized terms not defined herein shall have the meaning as contained in the PJM Open Access Transmission Tariff, Amended and Restated Operating Agreement of PJM Interconnection, L.L.C., or the Reliability Assurance Agreement Among Load Serving Entities in the PJM Region.

⁵ See PJM Interconnection, L.L.C., *Proposed Amendments to Price Responsive Demand Rules*, Docket No. ER20-271-000 (filed October 31, 2019) at p. 9.

⁶ See *PJM Interconnection, L.L.C.*, 137 FERC ¶ 61,204 (Dec. 14, 2011) and *PJM Interconnection, L.L.C.*, 139 FERC ¶ 61,115 (May 14, 2012).

Emergency.⁷ The subject filing merely aligns the triggering event with Capacity Performance by replacing Maximum Generation Emergency with Emergency Action.⁸ There is no change to the existing rule that PRD Providers would not be assessed a Non-Performance Charge when the specified price on the PRD Curve is at or below the highest Real-time LMP.

B. Proposed Bonus Performance for Price Responsive Demand During Performance Assessment Intervals are Appropriate.

The Market Monitor also argues that Price Responsive Demand (“PRD”) should not be eligible for Bonus Performance.⁹ As PJM explained in the filing letter,¹⁰ PRD should be eligible for Bonus Performance if LMPs are above the specified pricing points and PRD customers in the aggregate are able to curtail additional MWs than anticipated during a Performance Assessment Intervals. This is no different from a traditional generator receiving Bonus Performance when it produces additional MW that PJM dispatches beyond what was committed during a Performance Assessment Interval. The only difference is that PRD is designed so that end-use customers are automatically expected to curtail only when LMPs are greater than the specified pricing points. Thus, just as PRD would not be subject to a Non-Performance Charge, it would also not receive Bonus Performance during a Performance Assessment Interval if LMPs are less than the specified pricing points because PRD is not designed, and may not have the ability, to automatically reduce

⁷ See RAA, Schedule 6.1, section K.

⁸ An Emergency Action, which triggers a Performance Assessment Interval, is defined as any emergency action for locational or system-wide capacity shortages that either utilizes pre-emergency mandatory load management reductions or other emergency capacity, or initiates a more severe action including, but not limited to, a Voltage Reduction Warning, Voltage Reduction Action, Manual Load Dump Warning, or Manual Load Dump Action. *See* Tariff, section 1.

⁹ Market Monitor Comments at p 2-3.

¹⁰ *See* PJM Interconnection, L.L.C., *Proposed Amendments to Price Responsive Demand Rules*, Docket No. ER20-271-000 (filed October 31, 2019) at pp. 7-8.

load at lower LMPs. This consistent application of the rules to PRD is necessary given the unique design of PRD where end-use customers automatically curtail based on LMPs.¹¹

III. CONCLUSION

Based on the foregoing, PJM requests that the Commission grant PJM's Motion and take this Answer into consideration when reviewing PJM's filing dated October 31, 2019. PJM requests the Commission accept PJM's filing with the requested effective date of December 30, 2019.

Respectfully submitted,



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¹¹ Notably, the PJM Power Providers Group filed comments in support of PJM's filing, including the proposal that PRD Providers are not subject to a Non-Performance Charge during a Performance Assessment Interval when LMPs are less than the pricing points specified in the relevant PRD Curve. *See* Comments of the PJM Power Providers Group, Docket No. ER20-271-000 at pp. 3-4 (filed Nov. 21, 2019).

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Audubon, PA on the 6th day of December 2019.

Respectfully submitted,



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