UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:
PJM Interconnection, L.L.C.
Docket No. ER14-822-000

Issued: 3/6/14

PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, PA 19403

Attention: Ms. Jennifer Tribulski

Reference: PJM Interconnection, L.L.C., Docket No. ER14-822-000

Dear Ms. Tribulski:

On December 23, 2013, PJM Interconnection, L.L.C. (PJM), pursuant to section 205 of the Federal Power Act,[1] submitted revisions to the PJM Open Access Transmission Tariff (Tariff), the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (Operating Agreement), and the Reliability Assurance Agreement Among Load Serving Entities in the PJM Region (Reliability Assurance Agreement) to increase the operational flexibility of Demand Resources.

Please be advised that the filing is deficient and additional information is necessary to process the filing. Please provide complete responses to the following:

1. *Pre-Emergency Procedures*

PJM proposes revisions in the Tariff, Operating Agreement, and Reliability Assurance Agreement, to establish a Pre-Emergency Load Response Program.

[1] 16 U.S.C. § 824d (2012).

i. Please compare and contrast PJM's current emergency procedures, including alerts, warnings, and actions with any additional alerts, warnings, and actions that will be added to support the proposed Pre-Emergency Load Response Program.
ii. Please compare the treatment of PJM capacity resources, including Demand Resources, dispatched under PJM's current emergency procedures with how Demand Resources and other capacity resources will be dispatched under the Pre-Emergency Load Response Program.

2. *Demand Resources Notification Times*

PJM states that its proposal will set a default notification time for Demand Resources of 30 minutes, but it proposes an exception process so as not to altogether prevent longer lead time Demand Resources from participating in PJM's forward capacity market.[2]

i. Please describe PJM's experiences with Demand Resources that are capable of fully deploying within 30 minutes.
ii. How does PJM propose to treat resources that are currently eligible to provide demand response, but are physically unable to respond in 30 minutes (e.g., adsorbtion chillers), and do not qualify for one of the current exceptions?

3. Offer Price Stratification and Generation Capacity Resources

PJM states that it explored the means to address operational needs in a manner that also reasonably accommodates the needs of Demand Resources, and that "the revisions will bring Demand Resources more in line with Generation Capacity Resources."[3]

i. Will the proposed offer caps reflect the value of Demand Resources in situations when PJM (a) is short of reserves and (b) is not short of reserves?
ii. How does the proposed stratification of offer prices compare to rules that apply to generators?

4. *Dispatch of Demand Resources*

PJM states that "the dispatch of Demand Resources may not be based solely on the least-cost resources since such dispatch shall be based not only on price, but also on availability, location, minimum notification time and/or quantity of megawatts of load or

[2] PJM Answer at 11-12, citing the December 24 Filing at 20-21.

[3] PJM Transmittal at 10.

load reduction needed."[4] Please explain how PJM intends to weight these (and any other relevant) factors when deciding which resources to dispatch.

5. Day-of Sub-Zonal Dispatch

Under PJM's proposal, Demand Resources will be required to provide load response in sub-Zones defined inside the operating day.

i. Please provide additional information on PJM's experience with how Demand Resources have responded to voluntary, day-ahead sub-Zonal dispatch requests.
ii. Please explain how "Demand Resources have shown that they have the capability to comply with PJM's sub-zonal requests when the sub-Zone is established during the same Operating Day."[5]
iii. EnergyConnect and Comverge argue in their protests that day-of sub-Zonal dispatch imposes significant costs on Demand Resource Providers and their customers. Please explain PJM's statement that day-of sub-Zonal dispatch will "not impose prohibitive costs on demand resource providers."[6]

This letter is issued pursuant to delegated authority, 18 C.F.R. § 375.307 (a)(1)(v), and is interlocutory. This letter is not subject to rehearing pursuant to 18 C.F.R. § 385.713. PJM must respond to this letter within 15 days of the date of this letter by making an amendment filing in accordance with the Commission's electronic tariff requirements.[7] Please also email an additional electronic copy of the response to Mr. Tristan Cohen at Tristan.Cohen@ferc.gov.

Failure to respond to this deficiency letter within the time period specified may result in an order rejecting your filing. Until receipt of the amendment filing, a filing date will not be assigned to your filing.

Sincerely,

---

[4] PJM Transmittal at 16, citing proposed revision to section 8.5.

[5] PJM Answer at 28

[6] PJM Answer at 29.

[7] *Electronic Tariff Filings*, 130 FERC ¶ 61,047, at PP 3-8 (2010) (an amendment filing must include at least one tariff record even though a tariff revision might not otherwise be needed).

Jignasa Gadani, Director
Division of Electric Power
Regulation – East