

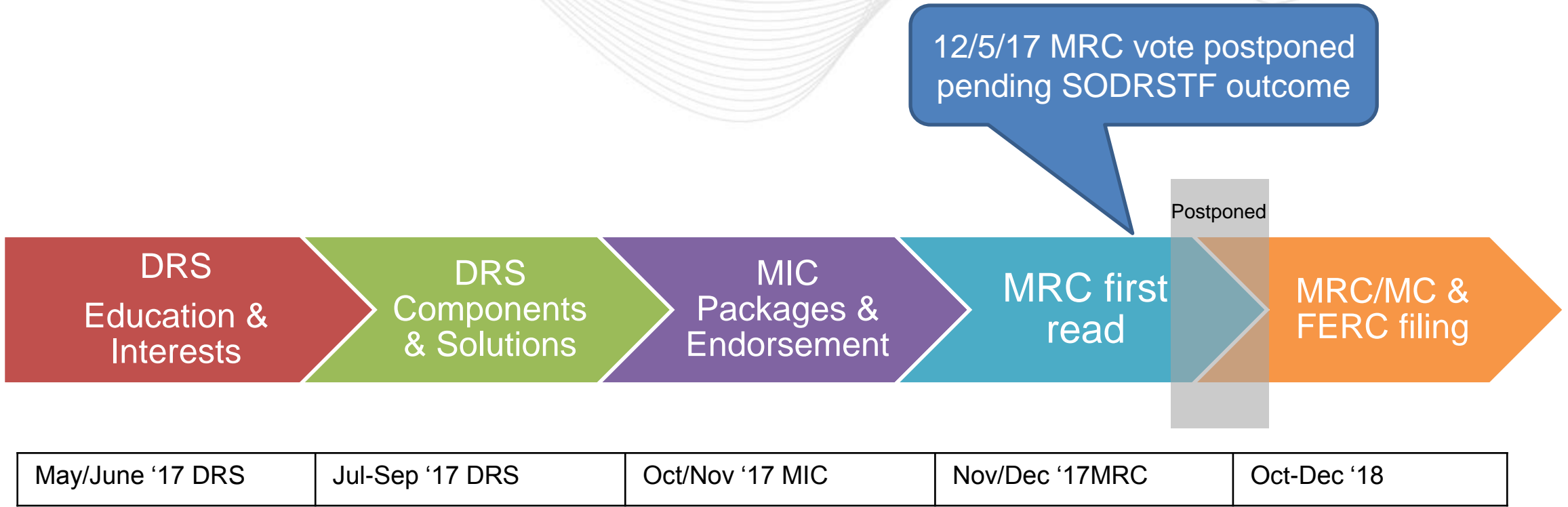


Price Responsive Demand (PRD) update for Capacity Performance requirements

MRC

October 25, 2018

- PRD developed (2010 – 2012) prior to CP rules
- PJM received and approved PRD plans (~550 MW) for the first time in January 2017 for 2020/2021 Delivery Year and a second time in January 2018 for 2021/2022 Delivery Year
- Some key DR rules were updated with the implementation of CP but PRD rules were not reviewed or updated
 - PRD currently not required to reduce load in the winter
 - PRD penalty rates and methodology not updated to CP Performance Assessment Interval approach



File endorsed changes by January – allow PRD plans that are approved in January to be updated or withdrawn if impacted by changes that are accepted by FERC (~April 2019)

- The IMM offered a brand new proposal which was not discussed during 6 months of discussion at DRS or during the MIC first read of proposals.
- Whisker Labs removed their proposal prior to voting. The committee approved two of the three proposals as follows:
 - The PJM package was endorsed with 171 in favor (83%), 35 opposed (17%) and 14 abstentions.
 - Package C was endorsed with 116 in favor (62%), 72 opposed (38%) and 21 abstentions.
 - The IMM package was not endorsed with 28 in favor (15%), 164 opposed (85%) and 20 abstentions.

Proposals	Support
<p>Status Quo – do not need to reduce load in winter with event based penalty structure (similar to DR rules prior to CP changes).</p>	
<p>PJM proposal – require PRD to reduce load in the winter like other CP resources. Leverage existing load reduction and capacity nomination rules already approved by FERC for DR. Update to CP penalty rates/methodology.</p>	83%
<p>Calpine proposal – same as PJM but uses PJM Performance Assessment Interval to trigger performance assessment & penalties (PJM proposal uses combination of PAI and LMP>PRD curve to trigger performance assessment & penalties).</p>	62%
<p>IMM Proposal – does not require PRD to reduce load in the winter (maintain old DR type M&V rules). PRD nomination based on summer load reduction capability only. Same penalty trigger as Calpine proposal (PAI trigger penalty – does not consider energy prices).</p>	15%

- OATT
 - DD Sec 10A - revised PRD credit requirements effective 2021/2022 Delivery Years and general formatting revisions
 - Attachment Q - credit requirements
- RAA
 - Article 1(Definitions) - added definition of FSL; revised MESL definition; and general clean-up of citations in various terms
 - Schedule 6.1 - revised PRD rules
 - Schedule 8-1-G - added PRD committed by FRR entities in addition to FRR Capacity Performance Resources
- Manual 11
 - 12.2.4 – update PRD rules for performance assessment trigger
- Manual 18
 - 3A.1 – 6 – overall PRD updates
 - 4.8 – PRD credit requirements
 - 8.4A - CP non-performance update for PRD
 - 9.1, 9.4 – PRD non-performance charge/bonus payment, LSE PRD credit, PRD test failure charge/credit
 - 11.8 – Non-performance charge/bonus.
- Manual 19
 - Attachment A (Load Drop estimate guidelines) – updated for PRD