

Update on Order 745 (Docket ER11-4106-000, DR compensation is energy market) and associated next steps

DRS
1/17/12

- DRS
 - Significant discussion already complete on implementation details
 - Standing agenda item at each meeting
 - Additional stakeholder input for compliance items
- Timeline
 - Compliance filing due 3/14/12
 - New rules effective 4/1/12
 - System changes required in early March for transition

- FERC accepted majority of items in filing:
 - Net Benefits Test (“NBT”) used to determine compensation based on full LMP
 - DR must clear in DA market or be dispatchable to balance supply and demand
 - DR to set LMP without need for telemetry
 - Cost allocation to LSE plus real time export
 - Enhance measurement and verification to improve accuracy (Customer Baseline or “CBL” and associated process)
 - Implement optional Dispatch Group to aggregate DR registrations for dispatch

- Items that need to be addressed in compliance filing:
 - Reinstatement of existing compensation (LMP – G&T) and cost allocation (to LSE of record for end use customer) rules when $LMP < NBT$
 - FERC indicated while this is outside the scope PJM may wish to pursue under a section 205 filing.
 - Cost allocation to LSE and RT export where LMP is \Rightarrow NBT instead of PJM filed " $> NBT$ "
 - Provide guidelines governing PJM's unilateral right to set a CBL when PJM and variable load cannot reach an agreement.
 - Clarify requirement for 60 days of load data for residential and small commercial customers that are part of DLC program.

- Clarify process developed at DRS
 - The CBL Certification process (prior to registration submission) will identify variable load customers. All customers must use a CBL with an error (RRMSE) no greater than 20% and better than default CBL unless otherwise approved by PJM.
 - Clarify minimum load data requirements (vintage and quantity) for valid RRMSE
 - CSP can determine alternative CBL if needs to meet 20% accuracy threshold
 - Determination of CBL will not be arbitrary but based on accuracy metric (RRMSE)

- Non-hourly pilot provisions will remain to participate under economics without interval meters
 - Load data for all customers will not be required under this provision since interval metering does not exist
- Interval meter customers will need to submit interval meter data for CBL certification process