

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

DRS  
2/14/12

- 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.

PJM must provide guidelines governing PJM's unilateral right to set a CBL when a variable load and PJM cannot reach an agreement

- CBL determination will go through objective process to ensure reasonably accurate measurement and verification for energy reductions according to the following guidelines:
  - CSP must submit recent load data prior to registration such that there is:
    - minimum of 60 contiguous days
    - Most current load data is no older than 60 days from time of registration
  - All registrations must use a CBL with an error (RRMSE) no greater than 20% and is more accurate than default CBL.
  - CSP may request use of alternative CBL to meet the guidelines or request an exception from PJM to the guidelines with supporting documentation

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