

# Order 831 Offer Verification for Demand Response: Enhancements to DR Hub and Markets Gateway

DRS

August 29, 2017



**Demand Response (Economic and Load Management):**

## Data Collection

- Data entry required for incremental costs

## Energy Offer Cap Validation

- Costs above \$1,000 must follow the Verification Process

## Validation Process

- Member verification for costs and supporting documentation

- DR cost verification process the same for both Economic DR and Load Management in DR Hub
- Offers greater than \$1,000, Market Seller must enter and validate incremental cost *prior to the operating day*:
  1. Provide summary and details of incremental costs
  2. Upload the supporting documentation that details how incremental cost were calculated and associated validation
- Offers less than \$1,000, no validation is required (considered “price based”)
- Offers above \$2,000 may be submitted, but can not be used to set LMPs

- Energy Offer Cap is \$1000, unless Incremental Costs are provided and support higher cap
- Changes to the Energy Offer Cap are transferred to Markets Gateway the next calendar day

Example: Incremental Costs documented on 11/13/2017 in DR Hub





- 11/14/2017 Updated Energy Offer Cap available
  - for Real-Time offers same day
  - for Day-Ahead offers for next day (11/15/2017)
- CSPs should manage their offers *up to* the Energy Offer Cap
  - Any offer over \$1000 must have incremental cost documentation that supports the offer time period
  - PJM intends to audit on periodic basis and any issues with supporting documentation will be escalated to IMM/FERC Office of Enforcement for further investigation, as necessary

- Energy Offer Cap is \$1000, unless Incremental Costs are provided and support higher cap
- Updated Energy Offer Cap available the next calendar day
- CSPs should manage their energy offers (previously referred to as “strike price”) *up to* the Energy Offer Cap
  - Any offer over \$1000 must have incremental cost documentation that supports the offer time period
  - PJM intends to audit on periodic basis and any issues with supporting documentation will be escalated to IMM/FERC Office of Enforcement for further investigation, as necessary

- Max Offer Cap is set to \$1000 or the Offer Verification Summary amount if > \$1000
- Can enter up to 5 different incremental costs with associated descriptions
- Updating the Verification screen will uncheck the Certification checkbox
- Must click Certification Checkbox each time the Verification Screen is saved
- On Save, time/date stamp is put on Certification
- May set Incremental Cost to \$0 without deleting Description
- If Verification Cost Summary is > \$1000, there must be at least 1 supporting document uploaded by CSP
- Registration History will record any changes to the Energy Offer Cap and the Offer Verification screen

- **Example: Injection Molding Company with offer price= \$1,150**

Add New Line

Actions		Incremental Cost Description	Incremental Cost (\$/Mwh)
 	1	Labor cost – employees sent home with pay, no work/product produced	\$900.00
 	2	Damaged product net cost - Product cannot be sold and material needs to be recycled (ie: bottle caps in injection molds damaged and need to be recycled). Net cost = Cost to make product minus recycle value.	\$250.00
Incremental Cost Summary			\$1,150.00

Supporting Documentation

I certify that I have verified and documented the registration’s incremental cost in detail as summarized above and in compliance with PJM rules. 08/24/2017 12:20 PM Last Certified Date

Save Cancel

## Registration Detail

Tasks | Locations | **Registrations** | Events | Meter Data | Energy Settlements | Compliance | Dispatch Groups | Account and Users | Reports | RERRA

Cancel | Save | Change End Date | Copy | Extension | Search | Resource Outage

Name \*  CSP IGSHEs Status **CONFIRMED** **H**

Reg ID  Program \*   Hold Scheduling  Hold Settlement

Effective Date \*  Termination Date \*

EDC  ZONE  LSE  Pricing Point

Residential Registration?

Energy Offer Cap:  
If Incremental Cost Details <\$1000 (or none), display \$1000, otherwise display Incremental Cost Summary

**Markets**

RT Energy  DA Energy  Energy Offer Cap

Synchronized Reserve  Inflexible  Flexible  Batch Load

Regulation  DA Scheduling Reserve



## Registration Detail

[Tasks](#) [Locations](#) **[Registrations](#)** [Events](#) [Meter Data](#) [Energy Settlements](#) [Compliance](#) [Dispatch Groups](#) [Account and Users](#) [Reports](#) [RERRA](#)

[Cancel](#) [Save](#) [Copy](#) [Search](#) [Resource Outage](#)

Name \*  CSP  Status

Reg ID  Program \*   Hold Scheduling  Hold Settlement

Effective Date \*  Termination Date \*  Allow Modification  EDC  LSE

EDC  ZONE  Pricing Point

Test Required  Completed

**Capacity**

Peak Load Contribution (kW)	<input type="text" value="380.28"/>	Winter Peak Load (kW)	<input type="text" value="N/A"/>
Measurement Method	<input type="text" value="Firm Service Level"/>	Winter Managed Load (kW)	<input type="text" value="N/A"/>
Summer Managed Load (kW)	<input type="text" value="78.000"/>	Winter Weather Adj. Factor	<input type="text" value="N/A"/>
Capacity Loss Factor	<input type="text" value="1.07993"/>	Winter Nominated ICAP (kW)	<input type="text" value="N/A"/>
Summer Nominated ICAP (kW)	<input type="text" value="296.045"/>	Annual Nominated ICAP (kW)	<input type="text" value="296.045"/>

Lead Time

**Energy**

Offer Price (\$/Mwh)  **Energy Offer Cap**  [Incremental Cost Details](#) Shut Down Costs (\$)

Energy Offer Cap:  
 If Incremental Cost Details <\$1000 (or none), display \$1000, otherwise display Incremental Cost Summary

