



# Order 831 (Energy price offer cap) Follow-Up Offer Validation for Demand Response

DRS

April 18, 2018



**Demand Response (Economic and Emergency Energy Only registrations):**

## Default Energy Offer Cap

- \$1000 is the default Energy Offer Cap for both Economic and Emergency Energy Only registrations

## Incremental Cost Validation

- Member validation of Incremental Costs with supporting documentation above \$1,000 in DR Hub (by email until enhancements can be implemented)

## Ongoing Member management of offers

- Member monitors energy offers on a hourly basis to ensure any offers above \$1000 have supporting documentation

New Rules were effective and implemented on 4/12/2018

- Offer Cap less than \$1,000
  - no validation is required (considered “price based”)
- Offer Cap greater than \$1,000
  - CSP must email [demand\\_response\\_operations@pjm.com](mailto:demand_response_operations@pjm.com) *prior to the operating day*.
  - CSP to provide details of how incremental cost were calculated and validated.
    - Energy Offer Validation. See details in Manual 11, Section 2.3.6.2
    - PJM to provide acceptance to CSP.
  - PJM will manually enter Offer Cap values in Markets Gateway and the CSP may then offer up to the Energy Offer Cap.
- If offer will be greater than \$2,000, CSP should
  - Enter \$2,000 as offer in Markets Gateway
  - Email PJM ([demand\\_response\\_operations@pjm.com](mailto:demand_response_operations@pjm.com)) prior to the operating day the offer details (resource, specific hours for offer and offer curve)

Energy Offer cap will be validate in Markets Gateway for next business day

- 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
  - If CSP lowers their Energy Offer Cap, and has previously copied offers in Markets Gateway over the new Energy Offer Cap for future market days, the CSP must take action to lower the future offers to the new Energy Offer Cap.
  - PJM intends to audit on periodic basis and any issues with supporting documentation may be escalated to IMM/FERC Office of Enforcement for further investigation, as necessary

- Incremental Costs must be provided on a \$/MWh basis for each cost category in the appropriate PJM system.
- Details must include supporting documentation that explains and quantifies the end-use customer's incremental costs.
- A customer's incremental costs shall include the cost incurred for not consuming electricity when dispatched by PJM, such as wages paid without production, lost sales, damaged products that cannot be sold, or other incremental costs as approved by PJM.
- Incremental costs should reflect those incurred during the energy offer period. The CSP shall review and update the incremental cost on a daily basis before energy offers greater than or equal to \$1,000/MWh are submitted.