

## **Problem Statement/Issue Charge**

### **Problem / Opportunity Statement**

Emergency Demand Response (EDR) has become an increasingly important element of the resource mix relied upon by PJM to meet its reliability requirements. Thus, PJM expects EDR to be deployed with greater frequency than in the past. In addition, because of the restrictions in the operating characteristics of “Limited DR” (10x6 DR), PJM has developed new DR products with more demanding frequency capability commitments: Summer Extended DR and Annual DR, effective for the 2014/2015 Delivery Year.

Section 4.3.5 of PJM Manual 18 (PJM Capacity Manual) sets forth the requirements for registration of Emergency DR Resources. Registration requirements include:

Customer-specific information to establish nominated load management levels (i.e., Peak Load Contribution, EDC Loss Factor, notification period, Firm Service Level data, Direct Load Control data, Guaranteed Load Drop data).

Current registration processes do not incorporate any requirement to identify factors that may limit DR resource participation including limitations on how frequently a DR resource can or will respond. Further, under Section 4.3.7 PJM Manual 18, “[n]ominated load reductions are effective for an entire RPM Delivery Year.”

PJM and its stakeholders should consider whether there is a need for enhanced resource verification measures for DR frequency capability at the time of registration and during the term of the Delivery Year.

### **Issue Source**

August 2011 Brattle RPM Performance Report, Issue Charge approved by the Markets & Reliability Committee on July 26, 2012 and PJM August 18, 2011 presentation to Markets & Reliability Committee

### **Stakeholder Group Assignment**

Senior Capacity Task Force

### **Key Work Activities**

1. Perform education on the current DR registration process and the collection of DR registration data.
2. Consider whether there is a need for additional PJM processes to validate claimed frequency performance capabilities of individual DR resources and/or DR portfolios.
3. If a need for additional PJM processes is identified, consider some or all of the following measures:
  - i. Enhance current registration process to provide reasonable assurances that CSPs have analyzed the claimed frequency performance capabilities of individual DR resources and/or their DR portfolios at the time of registration to be commensurate with the type of DR product committed to PJM and the expected deployment of DR resources during the Delivery Year;
  - ii. Develop a process for CSPs to update the frequency performance capability of their DR resources and/or DR portfolios during the Delivery Year;
  - iii. Develop a process to confirm that CSPs have used reasonable methodologies to measure the frequency performance capabilities of their DR resources and/or DR portfolios.
  - iv. Or develop other processes or procedures to address an identified need.
4. If a need for additional processes is identified and process improvements are developed, draft Reliability Assurance Agreement, Tariff and/or Manual language to implement the identified process improvements.

### **Expected Deliverables**

Either (i) a determination that no process improvements are needed or (ii) draft Reliability Assurance Agreement, Tariff and/or Manual language for review, comment and approval from the Markets and Reliability Committee.

### **Expected Overall Duration of Work**

This work effort can be completed in 6-8 months.

### **Decision-Making Method**

The objective is to use the Tier 1, consensus-based, decision-making methodology (unanimity) on a single proposal (preferred default option), or Tier 2, multiple alternatives.