



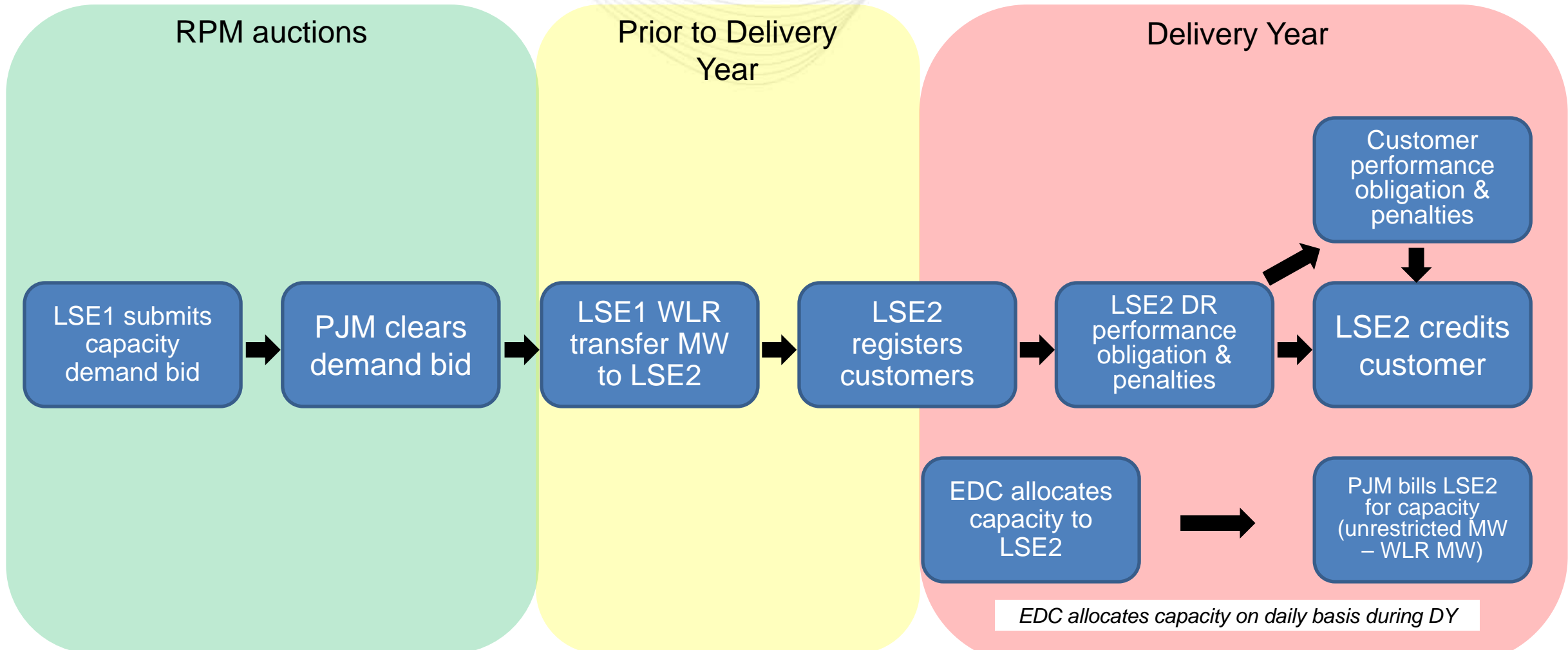
PJM Stop Gap FERC filing to address EPSA order WLR/WEEL implementation discussion

February 24, 2015

- Highlight changes of Stop Gap (WLR/WEEL model) with current DR/EE model
- Brainstorm any implementation considerations to be better prepared if this does become effective

	Today (DR/EE)	Stop Gap (WLR/WEEL)
Capacity market	Supply resource (Similar to generation)	Demand bid (BRA or bilateral, no IAs)
Capacity obligations	Nominate and reduce load per rules	Same
Compensation/Cost Reduction	Direct compensation from wholesale market	LSE can reduce capacity cost for their PJM load. No compensation via PJM tariff. Compensation is state-jurisdictional
Who manages?	Curtailment service provider/load serving entity (any PJM member)	Load-serving entity or their agent (for their specific load)

Key Principal – LSE's (or their agent) can only provide WLR/WEEL from loads that they are responsible for serving. This alignment must be maintained throughout the Delivery Year.



- Who may submit demand bid for WLR?
 - LSE or their agent that commits to provide WLR in the associated RPM Deliver Year.
 - Agent – established either through agreement with wholesale entity or by RERRA regulation (for example - “LSE’s empower CSPs with WLR that qualifies under PJM rules to bid such WLR into the PJM auction on behalf of the LSE and further require any LSE signing up a customer whose load is subject to a cleared WLR to take on the obligations to PJM associated with that cleared WLR”)
 - WLR Bid must be done through LSE or their agent – an Agent may not bid WLR through their PJM account (even if they have responsibility through RERRA regulation)

- In which auctions can WLR participate?
 - BRA - Establish WLR commitments
 - IA - Replace existing WLR commitments
 - WLR commitment may not be established in IA.

- WLR plan (similar to DR plan today)
 - Existing WLR – locations (EDC account numbers) currently registered as DR/WLR and WLR Provider reasonably expects to have under a contract to reduce load based on PJM dispatch instructions by the DY.
 - (*Work in Progress*) If both the current LSE that serves the location and wholesale entity that expects to provide WLR to the location in future DY claim location as “existing” then it is expected that the customer will make determination on which PJM member may claim as “existing”.
 - Planned WLR - WLR Load that does not currently have the capability to provide a reduction in load or to otherwise control load, but that is scheduled to be capable of providing such reduction or control on or before the start of the Delivery Year.
- Credit for WLR bid is similar to current DR credit provisions

- Register additional WRL resources during the Delivery Year
- Transfer WLR to another LSE
- Replace through generation resources from RPM Incremental auctions
- Acquire sufficient generation through bilateral transaction

- WLR Transfer transaction:
 - Transfer WLR commitment (some of part) from LSE1 that has WLR commitment (seller) to LSE2 that has the specific customers that will implement WLR (buyer).
 - WLR performance responsibility and associated penalties are assigned to LSE2
 - LSE2 must provide registrations to support WLR commitment. LSE2 must be same as LSE of record from EDC.
 - Approved registered nominated capacity must be equal or greater than commitment on day that commitment becomes effective for LSE2 to avoid penalty
 - WLR MW commitment may be split up by original LSE to several different LSEs

- LSE1 clears 100 MW of WLR in BRA
- LSE1 and LSE2 agree to WLR transfer transaction for 10 MW
- LSE1 WLR commitment reduced to 90MW
 - LSE1 must register 90 MW of WLR prior to start of DY and must maintain 90 MW of registrations during the DY or receive penalty
- LSE2 has 10 MW WLR commitment
 - LSE2 must register 10 MW of WLR prior to start of DY and must maintain 10 MW of registrations during the DY or receive penalty
 - LSE2 capacity charge will be reduced by 10 MW.

- Expected to be similar to current DR registration process, except
 - LSE required on registration and must be accurate throughout the Deliver Year
 - Need to consider additional methods to coordinate with EDC to ensure accuracy
 - Incorrect LSE could lead to penalties or incorrect allocation of WLR value.
 - Registrations may be submitted during the Delivery Year
 - Registration end date should coincide with LSE contract end date (don't simply put end data as deliver year end date)
 - Registrations to be submitted by entity with WLR commitment

- LSE capacity charge will be reduced based on ratio of WLR value and Final zonal capacity price
 - Final Zonal clearing price \$250 MW/Day
 - LSE clears 10 MW of Base WLR and Base Capacity binds and clears at \$150 MW-day. Ratio $150/250$ or 0.6. LSE obligation is reduced by 6 MW.
 - LSE clears 10 MW of CP WLR at \$250 MW-day. Ratio $250/250$ or 1.0. LSE obligation is reduced by 10 MW.

- Will be done similar to DR except:
 - GLD method (minimum of FSL approach or CBL approach) eliminated
 - Non-summer capacity compliance will be measured through CBL method (energy reduction) instead of FSL type method (load must be at some level below PLC).

- Commitment – similar to today
- Test – similar to today
- Event performance – similar to today