

FERC Order 831 Offer Cap Verification Update

DRS

April 7, 2017





Demand Response Offer Cap Verification Process

Demand Response (Economic and Load Mgmt.):

Data Collection

- Data entry required to confirm costs

Max Cost Limit Enforcement

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

Verification Process

- Member verification for costs and supporting documentation

Exception Process

- Costs above \$1,000 may be submitted- costs and verification must be submitted

- DR cost verification process the same for both Economic DR (in Markets Gateway) and Load Management (DR Hub)
- DR staggered offer cap for Load Management (Emergency/Pre-Emergency DR) will be eliminated
- All lead times will have \$1,000 offer cap unless Offer Cap Verification Process is followed:
 1. Provide cost summary with details of incremental costs
 2. Confirm they have the supporting documentation available
- Offers less than \$1,000, No verification is required
- Offers above \$2,000 may be submitted, but can not be used to set LMPs

- DR cost verification process the same for both Economic DR (in Markets Gateway) and Load Management (DR Hub)
- Offers greater than \$1,000, Market Seller must:
 1. Provide cost summary with details of incremental costs
 2. Confirm they have the supporting documentation available
- Offers less than \$1,000, No verification is required
- Offers above \$2,000 may be submitted, but can not be used to set LMPs

Example: Economic DR (Injection Molding Company) with offer price= \$1,150

1. Cost Summary Example:

Incremental Cost (\$/Mwh)	Incremental Cost Description
Labor cost – employees sent home with pay, no work/product produced	\$900.00
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
Cost Summary	\$1,150.00

2. Market Seller certification for documentation Example:

(check box in tool)

I certify that I have verified and documented the registration’s incremental cost in detail as summarized above and in compliance with PJM rules.