



**Demand Response Issue Clarification (CSTF)
MRC
January 31, 2013**

Background:

At the January 7th CSTF meeting, stakeholders and PJM were in disagreement as to the interpretation of one of the Demand Response issues in the Issue Charge approved by the MRC. The CSTF is seeking further clarification from the MRC as to the interpretation of the following issue:

Demand Response Issue in question, as stated in Issue Charge:

“Interaction of Peak Load Contribution (“PLC”) with end-user RPM cost assignment and DR Resource RPM revenue, and implication to DR resource auction participation.”

PJM interpretation of the Issue:

PJM believes the customer’s reliability requirement (i.e.: “PLC”) is a critical component to determine the amount of capacity that may be nominated in the capacity market, how the delivery of the capacity is measured and verified, and the associated add back process to determine the unrestricted load. PJM interprets this item to mean that stakeholders may investigate whether or not to propose any changes or guidelines to the current EDC PLC allocation methodology to end use customers, but not to eliminate the PLC as a cornerstone to Demand Response participation in the capacity market.