



# Initial Capacity Market Considerations for Behind The Customer Meter W-DER

DER Subcommittee

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- Peak Load Contribution is a retail customer's allocation of PJM capacity costs
- The PLC is typically allocated to LSEs according to some version of usage during the summer 5 Coincident Peaks
- Large retail customers often have PLCs allocated that same way.

- Customers with generators behind their meter can turn on their generator during hours they anticipate will be 5CP hours and reduce their PLC for the next year.
  - A customer with a 10MW PLC and a 10MW generator could reduce their PLC to ~ zero.
- The same customer could choose to sell 10MW of Capacity to PJM through Demand Response
  - The customer would keep the 10MW PLC, and their Curtailment Service Provider could offer ~ 10MW into the PJM capacity market.

- What about a 12 MW W-DER at a site with a 10MW PLC?
  - Option to reduce PLC to zero, then sell up to an additional 2MW of Capacity.
  - Could it keep 10MW of PLC, and sell 12 MW of Capacity?
  - What if there were 10MW of curtailable load—could it keep 10MW of PLC, and sell 22 MW of Capacity?
  - Should the curtailment resource be integrated into the W-DER, or separated from it?