

The following are some specific examples of language in Governing Documents that require PJM to measure compliance for load management events based on resources that are dispatched by PJM.

RAA – schedule 6

F. Any Party hereto shall demonstrate that its Demand Resources or ILR performed during periods when load management procedures were invoked by the Office of the Interconnection. The Office of the Interconnection shall adopt and maintain rules and procedures for verifying the performance of such resources, as set forth in section L and the PJM Manuals. In addition, committed Demand Resources and certified ILR that do not comply with the directions of the Office of the Interconnection to reduce load during an emergency shall be subject to the penalty charge set forth in Attachment DD to the PJM Tariff.

L. Compliance is the process utilized to review Provider performance during PJM-initiated Demand Resource and ILR events. The process establishes potential under/over compliance values for the Provider. Compliance will be established for each Provider on an event specific basis for the Provider's Demand Resources or ILR dispatched by the Office of the Interconnection during such event.

Compliance is averaged over the full hours of a load management event, for each customer or DLC program dispatched by the Office of the Interconnection. Demand Resource or ILR resources may not reduce their load below zero (i.e., export energy into the system). No compliance credit will be given for an incremental load drop below zero. Compliance will be totaled over all FSL and GLD customers and DLC programs to determine a net compliance position for the event for each Provider by Zone, for all Demand Resources committed and ILR Certified by such Provider and dispatched by the Office of the Interconnection in the zone. Deficiencies shall be as further determined in accordance with section 11 of Schedule DD to the PJM Tariff.

OATT – Emergency Load Response Program

Full Program Option participants that fail to provide a load reduction when dispatched by PJM shall be assessed penalties and/or charges as specified in Attachment DD of the PJM Tariff and the Reliability Assurance Agreement, as applicable.

11. DEMAND RESOURCE AND ILR COMPLIANCE PENALTY CHARGE

(a) The Office of the Interconnection shall separately evaluate compliance of each Demand Resource committed and each nominated ILR resource certified for a Delivery Year, in accordance with procedures set forth in the PJM Manuals. The compliance is evaluated separately by event in each Zone for Demand Resources and ILR resources dispatched by the Office of Interconnection.

(b) The Demand Resource and ILR Compliance Penalty Charge for a Capacity Market Seller/ILR Provider in a Zone for the on-peak period, which includes all hours specified in the Reliability Assurance Agreement definition of the Limited Demand Resource, shall equal the lesser of (1/the number of load management events during the year, or 0.50) times the Weighted Annual Revenue Rate for such seller/provider, multiplied by the net under-compliance in such on-peak period, if any, for such

seller/provider resulting from all resources it has committed and ILR it has certified for such Delivery Year for such Zone for each load reduction event called by the Office of the Interconnection.....

11A LOAD MANAGEMENT AND DEMAND RESOURCES TEST FAILURE CHARGE

a) Beginning with the Delivery Year that commences on June 1, 2009, Capacity Market Sellers that commit Demand Resources and ILR Providers may be charged to the extent their committed resources or certified ILR fail performance tests, as set forth herein.

b)

(i) For ILR or for Limited Demand Resources: If a Limited Demand Resource committed or an ILR certified by a Capacity Market Seller/ILR Provider is not dispatched by the Office of the Interconnection for a load management event prior to August 15 of the relevant Delivery Year, then such resource must demonstrate that it was tested as described below in (ii), in a zone for a one-hour period during any hour when a PJM load management event may be called between June 1 and September 30, inclusive.