Update on Order 745 (Docket ER11-4106-000, DR compensation is energy market) and associated next steps

DRS
1/17/12
Stakeholder Process for Compliance filing

• DRS
  – Significant discussion already complete on implementation details
    • Standing agenda item at each meeting
  – Additional stakeholder input for compliance items

• Timeline
  – Compliance filing due 3/14/12
  – New rules effective 4/1/12
  – System changes required in early March for transition
FERC accepted majority of items in filing:

- Net Benefits Test ("NBT") used to determine compensation based on full LMP
- DR must clear in DA market or be dispatchable to balance supply and demand
- DR to set LMP without need for telemetry
- Cost allocation to LSE plus real time export
- Enhance measurement and verification to improve accuracy (Customer Baseline or "CBL" and associated process)
- Implement optional Dispatch Group to aggregate DR registrations for dispatch
• Items that need to be addressed in compliance filing:
  – Reinstate existing compensation (LMP – G&T) and cost allocation (to LSE of record for end use customer) rules when LMP < NBT
    • FERC indicated while this is outside the scope PJM may wish to pursue under a section 205 filing.
  – Cost allocation to LSE and RT export where LMP is => NBT instead of PJM filed “> NBT”
  – Provide guidelines governing PJM’s unilateral right to set a CBL when PJM and variable load cannot reach an agreement.
  – Clarify requirement for 60 days of load data for residential and small commercial customers that are part of DLC program.
CBL guidelines when PJM and CSP cannot reach an agreement

• Clarify process developed at DRS
  – The CBL Certification process (prior to registration submission) will identify variable load customers. All customers must use a CBL with an error (RRMSE) no greater than 20% and better than default CBL unless otherwise approved by PJM.
  – Clarify minimum load data requirements (vintage and quantity) for valid RRMSE
  – CSP can determine alternative CBL if needs to meet 20% accuracy threshold
  – Determination of CBL will not be arbitrary but based on accuracy metric (RRMSE)
• Non-hourly pilot provisions will remain to participate under economics without interval meters
  – Load data for all customers will not be required under this provision since interval metering does not exist
• Interval meter customers will need to submit interval meter data for CBL certification process