Payment for reducing load is based on the actual kWh relief provided plus the adjustment for losses, subject to the Reporting and Compliance provisions below. The minimum duration of a load reduction request is one two hours. The magnitude of capacity relief provided by Full Program Option participants shall be the amount determined in accordance with the Reporting and Compliance provisions below. The magnitude of relief provided by Energy Only Option participants, and the magnitude of energy relief provided by Full Program Option participants, may be less than, equal to, or greater than the kW amount declared on the Emergency Registration Form. Compensation will be provided for reductions in energy consumption during emergency events by Full Program Option participants and Energy Only Option participants regardless of whether the participant’s load during the event exceeds its peak load contribution for the applicable Delivery Year.

PJM Settlement pays the applicable LMP to the PJM Member that nominates the load. Payment will be equal to the measured energy load reduction adjusted for losses times the applicable LMP. The measured energy load reduction for locations with approved Economic Load Response registrations prior to emergency energy settlement submission will use the associated economic CBL to determine the energy load reduction unless the locations on the Emergency Load Response registration are not the same locations as those included on the Economic Load Response registration. If, at the time that a Load Management Event or emergency event is initiated by PJM, an end-use customer is already responding economically (i.e., pursuant to the Economic Load Response rules) and economic CBL is based on Symmetric Additive Adjustment, then the CBL calculated based on the Symmetric Additive Adjustment period prior to the economic event will be used. Locations that do not have an approved Economic Load Response registration prior to submission of emergency energy settlement by the Curtailment Service Provider CSP will use the measured load the hour before the load reduction as the CBL to determine the energy load reduction.

If, however, the sum of the hourly energy payments to a Curtailment Service Provider with a Demand Resource participant dispatched by PJM for actual, achieved reductions is not greater than or equal to the offer value (i.e. Minimum Dispatch Price and shut down costs) then the Curtailment Service Provider participant will be made whole up to the offer value for its actual, achieved reductions for the Demand Resource.

Locations on Economic Load Response registrations dispatched in the Real-time Energy Market or cleared in the Day-ahead Energy Market that are also included on an Emergency Load Response and Pre-Emergency Load Response registration as Full Program Option, and that have also been dispatched as part of an emergency event for the same hour (i.e., have an “overlapping dispatch hour”) will be compensated for energy based on emergency energy settlement and cost allocation rules as set forth in this section and in the PJM Manuals. Overlapping dispatch hours will use shutdown costs based on what was considered for the economic event, and no balancing Operating Reserve charges will be assessed for deviations from Real-time dispatch amounts or from cleared Day-ahead commitments. To avoid duplicative energy payments, overlapping dispatch hours for an aggregate registration (i.e., multiple locations on the same registration) or dispatch groups where locations on the Emergency Load Response and Pre-Emergency Load Response registration are not the same locations as those on the Economic Load Response
registration will have hourly economic energy load reduction and/or hourly emergency energy load reduction prorated based on load reduction capability provided by the Curtailment Service Provider CSP for the locations.

Full Program Option participants that fail to provide a load reduction (as measured as set forth in the Reporting and Compliance provisions below) 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.

During emergency conditions, costs for emergency purchases in excess of LMP are allocated among PJM Market Buyers in proportion to their increase in net purchases minus real-time dispatch reduction megawatts from the PJM energy market during the hour in the Real-time Energy Market compared to the Day-ahead Energy Market. Consistent with this pricing methodology, all charges under the Emergency Load Response and Pre-Emergency Load Response Programs are allocated to purchasers of energy, in proportion to their increase in net purchases minus real-time dispatch reduction megawatts from the PJM energy market during the hour from day-ahead to real-time.

Emergency Load Response and Pre-Emergency Load Response Program charges and credits will appear on the PJM Members monthly bill, as described in the PJM Manual for Operating Agreement Accounting and the PJM Manual for Billing.