Demand Response Behind the Meter Generation (BTMG) and Environmental Permit Requirements

5/16/16
Recent EPA Guidance for Engines used to reduce load

- EPA provided “Guidance on Vacatur of RICE NESHAP and NSPS Provisions for Emergency Engines” on 4/15/16
  - [https://www3.epa.gov/ttn/atw/icengines/docs/RICEVacaturGuidance041516.pdf](https://www3.epa.gov/ttn/atw/icengines/docs/RICEVacaturGuidance041516.pdf)

CSPs with BTMG that will be used to reduce load when dispatched by PJM should understand these rules and take appropriate actions.
CSP DR BTMG requirements

- BTMG may only be used if it can operate when dispatched by PJM and comply with all Local, State and Federal laws (includes environmental permits)
- RPM auction
  - DR plan and associated officer certification
  - “Physical delivery” means BTMG can operate and be in compliance with all necessary permits
- DR Registrations
  - CSP must ensure accuracy of all information reported
  - CSP must report permit type (emergency or non-emergency) and permit status which enables BTMG to operate when dispatched by PJM.
  - CSP may only register locations that can reduce load and not violate any laws
- DR dispatched by PJM must perform or will receive penalty (there are no exceptions due to environmental permit status)
15/16 Delivery Year BTMG that could be impacted

Approximately 1,900 MW that could be impacted
• What should I do if I cannot operate BTMG on 6/1 for PJM dispatch because of environmental permit status?
  – If only one location on registration and BTMG is sole source of reduction then registration should be terminated before 6/1.
  – If only one location on registration but has both BTMG and non-BTMG load reduction capability
    • Edit load reduction capability for BTMG = 0
      – Can not use for PJM dispatch
    • Update registration nominated capacity MW to reflect updated load reduction capability.
    • Update resource type to Pre-Emergency

PJM expects all DR should be registered as “Pre-Emergency” DR
• What should I do if I cannot operate BTMG on 6/1 for PJM dispatch because of environmental permit status?
  – If more than one location on registration and BTMG is sole source of reduction for 1 or more locations then
    • contact PJM by 5/25/16 with list of locations that should be removed from approved registration.
    • PJM will remove locations
    • CSP must update nominated capacity MW on registration
    • See prior slide for instructions on how to handle location with BMTG and non-BTMG capability

Elimination of location may result in registration capacity nomination <100 kw and therefore need to submit on different registration.
• OA/OATT, 1.5A.5 – on-site generators
  – May only be used as allowed by necessary permits

• OA/OATT, 8.4.5 – Registrations
  – BTMG must be operated in compliance with all environmental permits.

• Manual 11, 10.2.2
  – CSP must provide environmental permit type and status that will allow BTMG to participate as DR in PJM.