



July 29, 2016

**VIA ELECTRONIC DELIVERY**

Mr. Andrew Ott, President and CEO  
PJM Interconnection  
2750 Monroe Blvd.  
Audubon, PA 19403-2947

Re: **RESOLUTION ON DEMAND RESPONSE AND CAPACITY MARKETS**

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Dear Mr. Ott,

The OPSI Board approved the attached resolution concerning demand response and capacity markets at its Board meeting of July 25, 2016.

Sincerely

Gregory V. Carmean  
Executive Director, OPSI

CC:  
*PJM Board*



## Organization of PJM States, Inc. (OPSI)

President: **Hon. M. Beth Trombold**, Commissioner, PUC of Ohio  
Vice President: **Hon. Joanne Doddy Fort**, Commissioner, District of Columbia PSC  
Secretary: **Hon. Daniel E. Logsdon Jr.**, Commissioner, Kentucky PSC  
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State Corporation Commission • Public Service Commission of West Virginia*

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### **OPSI RESOLUTION 2016-3 DEMAND RESPONSE AND CAPACITY MARKETS**

**WHEREAS**, State Commissions have authorized and individual customers have made significant investments to be able to provide demand response; and

**WHEREAS**, Demand response is a critical component of effective competitive markets; and

**WHEREAS**, Almost 12,000 MW of demand response offered into the 2019/2020 base residual auction with 10,348 MW clearing; and

**WHEREAS**, Demand response from residential and commercial customers has been a reliable resource, serving to improve the competitiveness and reliability of PJM markets; and

**WHEREAS**, Demand response from residential ratepayers is mostly seasonal and has added value to competitive markets; and

**WHEREAS**, PJM's transition to only purchasing annual capacity performance products in PJM's capacity market has reduced the value of deploying demand response as a resource; and

**WHEREAS**, PJM's planning process for the base residual auction does not provide explicit recognition of the benefits from demand response except for those megawatts of demand response which clear in a PJM capacity auction; and

**NOW, Therefore Be It Resolved**, that the Organization of PJM States Inc. urges the PJM Board to direct its staff to develop market rules which optimize the participation and value of demand response in providing cost control, reliability, and competitiveness in PJM's wholesale market.