

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

PJM Interconnection, L.L.C.

Docket No. ER11-3322-000

NOTICE OF DISCUSSION TOPICS FOR STAFF TECHNICAL CONFERENCE

(June 21, 2011)

Take notice that a technical conference in the above captioned proceeding will be held on July 29, 2011, beginning at 9:00 a.m. (EDT) in the Commission Meeting Room at the Commission's headquarters, located at 888 First Street, NE, Washington, DC 20426. The technical conference will be led by Commission staff. Commissioners may be in attendance. All interested parties are invited to attend. Registration is not required.

On June 3, 2011, the Commission issued an order in this proceeding, which accepted and suspended proposed tariff changes submitted by PJM Interconnection, L.L.C. (PJM), subject to refund and the outcome of a technical conference.¹ This notice establishes the topics for discussion at the technical conference to be held in order to discuss the performance measurement of demand response in PJM's capacity market, the Reliability Pricing Model (RPM).

The purpose of the technical conference is to discuss issues surrounding PJM's April 7, 2011 filing, which proposes to modify the reference point of capacity demand response load reductions so that each end-use customer's actual load reduction results in a metered load that is less than the customer's Peak Load Contribution (PLC).²

In addition to the issues identified by the Commission in the June 3 Order, there will be a discussion on the topics identified in the Appendix.

Also, to supplement the record, PJM should provide information and data on the following issues, as relevant to the proceeding, by July 11, 2011. PJM should provide examples and/or details regarding how an increase in the number

¹ *PJM Interconnection, L.L.C.*, 135 FERC ¶ 61,212 (2011).

² PJM describes the PLC as the average of the end-user's actual load during the five coincident peak hours of the preceding delivery year. *See* PJM April 7, 2011 Filing at note 11.

of aggregators reporting compliance in excess of PLC presents a threat to system reliability. In addition, PJM should explain whether the 1,000 MW of demand response that was in excess of PLC in 2010 was concentrated in one zone or whether the demand response was spread out over several zones. PJM should also provide data regarding whether the customer reductions in 2010 that ranged from 150 percent to 300 percent or more of their PLC, and which accounted for 28 percent of total guaranteed load drop (GLD) reductions, were associated solely with aggregation or if these reductions were also associated with individual market participants.³ Further, PJM should provide information on the prevalence of PJM customers with limited curtailment capability, particularly with regards to customers associated with the 48 percent of total GLD reductions that were recorded at less than or equal to 75 percent of the customer's PLCs, as detailed in the 2010 State of the Market Report for PJM. Finally, PJM should describe the prevalence of peak-shaving activity in the PJM market and whether it is possible to distinguish between peak-shaving activity and changes in peak demand over time.

Other parties are also free to file data related to these issues. While responses should be provided by July 11, 2011, Commission staff may further discuss the responses, and may have additional questions, during the technical conference.

Parties will have 15 days after the technical conference to respond to the issues raised at the conference as well as PJM's responses to the issues detailed above.

Parties that have intervened in the proceeding and that are interested in participating on a panel should contact Tristan Cohen at Tristan.Cohen@ferc.gov or (202) 502-6598 by July 1, 2011. A subsequent notice will be issued announcing panelists and the format of the conference.

The conference will be transcribed. Transcripts will be available immediately for a fee from Ace Reporting Company (202-347-3700 or 1-800-336-6646). A free webcast of this event is also available through www.ferc.gov. Anyone with Internet access who desires to view this event can do so by navigating to www.ferc.gov's Calendar of Events and locating this event in the calendar. The event will contain a link to its webcast. The Capitol Connection

³ Monitoring Analytics, *State of the Market Report for PJM*, Vol II, at 135 (2010), available at http://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2010/2010-som-pjm-volume2.pdf.

provides technical support for the free webcasts. If you have any questions, visit www.CapitolConnection.org or call (703) 993-3100.

FERC conferences are accessible under section 508 of the Rehabilitation Act of 1973. For accessibility accommodations please send an email to accessibility@ferc.gov or call toll free (866) 208-3372 (voice) or (202) 502-8659 (TTY), or send a fax to (202) 208-2106 with the required accommodations.

Parties seeking additional information regarding this conference should contact Tristan Cohen at Tristan.Cohen@ferc.gov or (202) 502-6598.

Kimberly D. Bose,
Secretary.

Appendix**Discussion Topics for Technical Conference on Performance Measurement of
Demand Response in the PJM Capacity Market
July 29, 2011****I. Reliability Issues**

1. Whether the customer baseline load (CBL) or peak load contribution (PLC) is a more accurate capacity market performance measure of what a demand response customer would have consumed in the absence of an instruction to reduce load.
2. Whether a demand response resource should be obligated to reduce below its PLC during an emergency event, even if the magnitude of supply that the resource is providing is otherwise equivalent to its capacity commitment.
3. Whether the current PJM add-back process under the guaranteed load drop (GLD) option, which is used to calculate peak load for capacity for the following delivery year, accurately reflects the fact that the load reduction of an over-performing demand response customer (*i.e.* a customer that provides a level of response greater than the MW nominated for it in the capacity auction) has been used to support an under-performing customer (*i.e.* a customer that provides a level of response less than the nominated MW) in a portfolio aggregated to meet the capacity commitment.
4. Whether PJM dispatchers account for PLCs during an emergency.
5. Whether any load in PJM can be at load levels in excess of PLC during an emergency.

II. Capacity Obligations

6. Discuss the capacity obligations of end-use customers whose demand response resources have been committed in a prior RPM auction.
7. Whether the PLC limit on nominations in the capacity auction should serve as a basis for requiring load reductions of capacity resources to be below PLC.

III. Load Reductions and Incentives

8. Whether the same MW reduction that is voluntarily made by a peak shaving customer in order to reduce capacity costs should also be eligible to receive incentives from PJM's Load Management programs.
9. Whether the current GLD option provides an incentive for aggregators to offset under-performing resources with resources that over-perform.

IV. Impact of PJM's Proposal

10. Whether PJM's proposal undermines the GLD methodology.
11. Whether PJM's proposal unduly discriminates against resources on days other than the coincident peak days and whether PJM's proposal negatively affects Annual Demand Resource aggregations.