143 FERC ¶ 61,076
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
Cheryl A. LaFleur, and Tony Clark.

PJM Interconnection, L.L.C. Docket Nos. ER13-486-000
ER13-486-001

ORDER ACCEPTING TARIFF REVISIONS

(Issued April 29, 2013)

1. On November 30, 2012, PJM Interconnection, L.L.C. (PJM), pursuant to section 205 of the Federal Power Act (FPA),[1] submitted revisions to the PJM Open Access Transmission Tariff (Tariff) to establish an additional test for determining the target level of the PJM demand resource[2] capacity product with the most limits on its availability (Limited DR Reliability Target) by assessing the likelihood of requiring Limited Demand Resource (Limited DR) for more than six hours, the maximum duration of an interruption allowable under PJM's Tariff. We accept the proposed tariff revisions, effective January 31, 2013, as requested.

I. Background

2. Under the Reliability Pricing Model (RPM) rules, PJM conducts forward auctions to secure capacity for a future delivery year, thereby allowing both existing and proposed generation, demand response and energy efficiency resources to compete to meet the region's installed capacity needs. PJM provides for demand resources to be offered into the auction in competition with generation and energy efficiency resources. These demand resources must reduce load subsequent to a request for load reduction from PJM

[1] 16 U.S.C. § 824d (2006).

[2] In PJM, a demand resource is a resource with a demonstrated capability to provide a reduction in demand or otherwise control load, and that offers and clears the load reduction capability in a PJM capacity auction or through a Fixed Resource Requirement capacity plan. *See* PJM Reliability Assurance Agreement (RAA), Article 1 at section 1.13 (Demand Resource).

following the declaration of a Maximum Emergency Generation action, unless the resource has already reduced load pursuant to PJM's economic load response program.[3]

3. The current RPM market rules, accepted in a January 31, 2011 Order,[4] allow three demand resource products to participate in the PJM capacity auction. These products are classified as Annual Demand Resource (Annual DR), Extended Summer Demand Resource (Extended Summer DR), and Limited DR. Annual DR is required to be available on any day of the year and for an unlimited number of interruptions during the year. Annual DR has limits on the hours of the day when it must be available,[5] and a ten hour cap on the duration of required interruption. Extended Summer DR is required to be available on any day from May through October between the hours of 10:00 a.m. to 10:00 p.m., and has a ten hour cap on the duration of the interruption. Limited DR is required to be available for up to ten interruptions, at six hours per interruption, from 12:00 p.m. to 8:00 p.m., during the months of June through September.

4. The Limited DR Reliability Target is used to set a level of Limited DR commitment in the RPM capacity auctions that would cause PJM to commit more expensive Annual Resources (including Annual DR) and Extended Summer DR in lieu of lower-cost Limited DR resources, to resolve operational constraints associated with the Limited DR product. Because of this commitment process, the capacity prices for Annual Resources and Extended Summer DR may be higher than the capacity price for Limited DR resources. Section 2.36B of Attachment DD of the PJM Tariff[6] describes the methodology for calculating the Limited DR Reliability Target. PJM currently uses two tests to assess the Limited DR Reliability Target: the first test ensures that there is a 90 percent probability that DR will not be called more than 10 times in a single year, and the second test ensures that, on a demand response event day, the daily peak does not occur outside the six-hour interruption window.

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[3] PJM Tariff, Attachment K-Appendix, PJM Emergency Load Response Program, Emergency Operations.

[4] *PJM Interconnection, L.L.C.*, 134 FERC ¶ 61,066 (2011) (January 31, 2011 Order).

[5] For the May through October period, from 10:00 a.m. to 10:00 p.m., and for the November through April period, from 6:00 a.m. to 9:00 p.m.

[6] PJM OATT, Attachment DD, Section 2, Definitions, § 2.36B, Limited Demand Resource Reliability Target, (12.0.0).

II. Details of the Filing

5. PJM states that its planning staff has determined that there should be a third test to ensure that the probability of requiring an interruption of longer than six hours is minimal.[7] Accordingly, PJM proposes to amend section 2.36B of Attachment DD of the Tariff to add a third test to the Limited DR Reliability Target that will compare possible hourly loads on peak days under a range of weather conditions against possible generation capacity on such days under a range of conditions and, by varying the assumed amounts of demand resource that is committed and displaces committed generation, thus determining the demand resource penetration level at which there is a 90 percent probability that demand resource will not be called for more than six hours over any one or more of the tested peak days.[8] PJM states that the Limited DR Reliability Target will be the lowest result from the three tests. PJM explains that a 90 percent threshold is the same threshold that was accepted in the January 31, 2011 Order, and a 90

[7] PJM Filing at 7.

[8] The proposed tariff language adds a third prong to the description of how PJM calculates the Limited Demand Resource Reliability Target:

> "(iii) (for the 2016-2017 and subsequent Delivery Years) testing the effects of the six-hour duration requirement by comparing possible hourly loads on peak days under a range of weather conditions (from the daily load forecast distributions for the Delivery Year in question) against possible generation capacity on such days under a range of conditions (using a Monte Carlo model of hourly capacity levels that is consistent with the capacity model employed in the Installed Reserve Margin study for the PJM Region and in the Capacity Emergency Transfer Objective study for the relevant LDAs for such Delivery Year) and, by varying the assumed amounts of DR that is committed and displaces committed generation, determines the DR penetration level at which there is a ninety percent probability that DR will not be called (based on the applicable operating reserve margin for the PJM Region and for the relevant LDAs) for more than six hours over any one or more of the tested peak days."
> Proposed PJM OATT, Attachment DD, Section 2, Definitions, § 2.36B, Limited Demand Resource Reliability Target.

percent confidence interval is widely used in statistical analysis and commonly recognized as a reasonable standard to apply when interpreting results from probabilistic studies.

6. PJM explains that it did not address this problem in a prior filing because the Probabilistic Reliability Index Study Model (PRISM) used in assessing its resource adequacy cannot be used to evaluate the hourly duration of emergency actions such as Limited DR. PJM explains that, since the Commission issued its January 31, 2011 Order, PJM has gained familiarity with another simulation model, the Multi-Area Reliability Simulation (GE MARS).[9] According to PJM, GE MARS uses an hourly load model that is well suited to helping PJM estimate the frequency and duration of implementing emergency procedures, including dispatch of Limited DR.

7. PJM states that the proposed tariff revisions may result in a slightly lower Limited DR Reliability Target. According to PJM, if it applies this proposed additional test to the May 2012 Base Residual Auction (BRA), the result (4.0 percent) would be comparable to, but slightly lower than, the target under the existing duration test (of 4.8 percent). That is, PJM's analysis shows that, for the May 2012 BRA, the overall amount of demand resource committed in the auction would remain the same, but there would be a slightly lower commitment of Limited DR, and a correspondingly greater commitment of Extended Summer DR. This shift among the demand resource products would be accommodated by linked demand resource offers in this case—that is, lower priced Limited DR would be substituted by higher priced Extended Summer DR. PJM adds that the two BRAs conducted to date establish that demand resource providers have been successful in qualifying most of their resources as higher value Extended Summer DR or Annual DR.

8. PJM argues that the proposed additional test is not likely to have negative impacts on the market because demand resource participation in the RPM auctions actually grew after establishment of the Limited DR Reliability Target. PJM also notes that the additional test does not impact the ability of demand resource providers to continue to aggregate demand resources and to manage demand resource performance across a portfolio of resources.

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[9] PJM notes that the neighboring RTOs / ISOs that use GE MARS include the New York Independent System Operator, Inc. (NYISO), the ISO New England Inc. (ISO-NE) and the Midwest Independent Transmission System Operator, Inc. (MISO). PJM states that reliability organizations using GE MARS include the New York State Reliability Council (NYSRC) and the Northeast Power Coordinating Council (NPCC). PJM also states that it currently uses GE-MARS for limited evaluation of hourly operational assessments.

9. PJM states that the proposed revisions were supported by the majority of its stakeholders at the October 25, 2012, Markets and Reliability Committee (MRC) meeting, but PJM did not obtain a two-thirds supermajority support. PJM adds that it is prepared to facilitate stakeholder discussion about certain stakeholders' concerns about more efficient use of Limited DR through altered dispatch practices, but stands by its assessment of the need for a third test to address reliability concerns.

III. Notice of Filing, Interventions and Responsive Pleadings

10. Notice of this proceeding was published in the *Federal Register*, 77 Fed. Reg. 73,643 (2012), with interventions and protests due on December 21, 2012. Notices of interventions and timely motions to intervene were filed by the Maryland Public Service Commission; Viridity Energy, Inc.; EnerNOC, Inc.; Direct Energy Services, LLC and Direct Energy Business, LLC; Old Dominion Electric Cooperative; American Electric Power Service Corporation; North America Power Partners, LLC; EnergyConnect, Inc.; PJM Industrial Customer Coalition; Exelon Corporation; Nucor and Steel Dynamics (Steel Producers); Maryland Office of People's Counsel; Illinois Citizens Utility Board; Dynegy Kendall Energy, LLC, Ontelaunee Power Operating Company, and Dynegy Marketing and Trade, LLC; American Municipal Power, Inc.; NRG Companies;[10] and the Electric Power Supply Association. Motions to intervene and comments were filed by Rockland Electric Company (Rockland), The Dayton Power and Light Company (Dayton Power), PJM Power Providers Group (P3), the Public Utilities Commission of Ohio (Ohio Commission), and FirstEnergy Companies.[11] The North Carolina Utilities Commission and Public Staff of the North Carolina Utilities Commission (collectively,

[10] The NRG Companies are NRG Power Marketing LLC, GenOn Energy Management, LLC, Conemaugh Power LLC, GenOn Chalk Point, LLC, GenOn Mid-Atlantic, LLC, GenOn Power Midwest, LP, GenOn REMA, LLC, and GenOn Wholesale Generation, LP., Indian River Power LLC, Keystone Power LLC, NRG Energy Center Dover LLC, NRG Energy Center Paxton LLC, NRG Rockford LLC, NRG Rockford II LLC, and Vienna Power LLC.

[11] The FirstEnergy Companies are FirstEnergy Service Company, Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company, Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, West Penn Power Company, Jersey Central Power & Light Company, Monongahela Power Company, and The Potomac Edison Company.

NCUC) submitted a notice of intervention and motion to intervene, respectively, and comments. Demand Response Supporters filed a protest.[12]

11. On December 27, 2012, Duquesne Light Company filed a motion to intervene out-of-time. On January 8, 2013, Monitoring Analytics, LLC (Market Monitor) filed a motion to intervene out-of-time.

12. On January 7, 2013, PJM filed an answer to Demand Response Supporters' protest.

13. On January 29, 2013, Commission staff issued a deficiency letter identifying specific issues that required additional information. PJM filed a response to the deficiency letter on February 28, 2013. Notice of PJM's response was published in the *Federal Register,* 78 Fed. Reg. 14,781 (2013) with comments due on or before March 21, 2013. Demand Response Supporters filed a protest to PJM's response to the deficiency letter on March 21, 2013. PJM filed an answer to Demand Response Supporters' protest on April 3, 2013.

A. Comments and Protest

14. Rockland, PSEG Companies, FirstEnergy Companies, and Dayton Power support PJM's filing. Rockland states that PJM's additional test is necessary to ensure that PJM does not over-rely on Limited DR resources. PSEG Companies argue that the test is consistent with PJM's previous Commission-approved methodologies to determine the reliability of demand resource products.

15. P3 states that it supports a single, clearly-defined demand resource capacity product and PJM's proposed additional test is a step in the right direction. P3 states that it especially supports the filing because PJM is largely motivated by reliability concerns. P3 also urges the Commission to limit acceptance of PJM's filing to a single year and direct PJM to phase out the limited demand resource products by the May 2014 Base Residual Auction.

16. Steel Producers assert that elimination of Limited DR is not within the scope of the present filing.

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[12] The Demand Response Supporters are the PJM Industrial Customer Coalition; EnerNOC, Inc.; Viridity, Inc.; EnergyConnect, a Johnson Controls Company; Energy Curtailment Specialists, Inc.; Comverge, Inc.; Citizens Utility Board; Maryland Office of Peoples' Counsel; and the Consumer Advocate Division of West Virginia.

17. The Ohio Commission supports PJM's filing and notes that, while the new test will enhance reliability, it will have little impact on the overall availability of other products because no additional limits are proposed for the Extended Summer DR product. However, the Ohio Commission expresses concern that the Limited and Extended Summer DR products are contributing to demand resource oversaturation to the detriment of reliability and urges the Commission to initiate a rulemaking investigation in time for PJM's 2017-2018 auction to review whether it should reduce or phase out limited demand response capacity resources. The Ohio Commission also maintains that the Commission should require PJM to confirm via audits that demand response resources are actually deliverable. The NCUC filed comments supporting PJM's filing and the Ohio Commission's comments.

18. In its protest, Demand Response Supporters argue that the proposed test does not account for "ramp down" and "ramp up" effects of a demand resource event and therefore skews the Limited DR Reliability Target value downward. They explain that PJM assumes that, when Limited DR is called, 100 percent of it is called at once and 100 percent of it responds simultaneously, when in reality PJM calls demand response resources by transmission zone (and likely in different hours) and large industrial customers decrease their load consumption gradually over the two hour period between PJM's announcement of a load management event and the commencement of the event period. Demand Response Supporters argue that the Commission should find that the proposal is not just and reasonable because it is based on faulty assumptions, or in the alternative, require PJM in a compliance filing to reflect the "ramp down" and "ramp up" effects in its analytical models.

19. Demand Response Supporters assert that the GE MARS simulation model is inaccurate because it does not correspond well to historical data and overstates the seventh hour risks. In addition, Demand Response Supporters argue that PJM makes a statement in its filing that misinterprets data from an MRC report, and therefore the Commission should reject the filing. Finally, Demand Response Supporters argue that the Commission should prevent PJM from implementing changes to Limited DR before the performance obligations associated with the three demand response products go into effect in the 2014-2015 delivery year and data analyzing the performance of Limited DR is available.

B. PJM's Answer

20. In its answer, PJM responds to Demand Response Supporters' argument that the proposed test fails to account for the "ramp down" and "ramp up" effects of a demand response event by explaining that PJM cannot assume that a demand response resource will perform when the resource is not obligated to do so. PJM also argues that Demand Response Supporters fail to provide any evidence of the "extra" performance from Limited DR that they demand PJM must include in its reliability analysis. PJM states

that it could not embed "extra" performance from Limited DR in its analysis unless it could forecast the net or aggregate level of "ramp up" and "ramp down" across the relevant areas with enough accuracy to ensure reliability, and PJM is not in a position to forecast that uncertain behavior with high confidence.

21. In response to Demand Response Supporters' argument that PJM makes a statement misinterpreting data from an MRC report, PJM provides a clarification of its statement. With respect to Demand Response Supporters' claim that the GE MARS model is inaccurate and should not be used for the proposed test, PJM argues that the GE MARS model is widely accepted and used throughout the industry for loss of load expectation modeling, including by five of the seven entities participating in the 2012 Pilot Probabilistic Assessment issued by the North American Electric Reliability Corporation. PJM states that GE MARS and PRISM are similar in many respects, but GE MARS is more appropriate for assessing risk over shorter periods. In addition, PJM claims that the Commission should disregard Demand Response Supporters' argument that the GE MARS modeling results do not match actual historical data because Demand Response Supporters focus on a sample of only 25 days, and the difference between the probabilistic model and a select 25-day period says nothing about the reliability of the model.

22. Finally, PJM argues that the Commission should reject Demand Response Supporters' request for a moratorium on PJM tariff filings affecting the demand response resource program. PJM argues that the FPA grants PJM the right to make just and reasonable changes to its tariff at any time, and Demand Resource Supporters' argument that PJM should not continue to assess and modify the Limited DR Reliability Target runs contrary to PJM's obligation to ensure reliability.

IV. Deficiency Letter

23. In response to PJM's filing, Commission staff issued a deficiency letter on January 29, 2013 directing PJM to submit additional information. Among other things, the deficiency letter requested PJM to explain whether it is currently capable of metering load reductions from emergency DR prior to and after load management events called in real-time, and if not, whether it is capable of detecting changes in overall system load produced by pre- and post-commitment period ramping by these assets at the nodal, subzonal, or zonal level. The deficiency letter also asked how PJM adjusts its security constrained dispatch if load reductions begin to ramp prior to the commitment period or ramp down after the commitment period, and whether it uses historical emergency DR performance data during and after emergency events to inform operations and planning. In addition, the deficiency letter asked PJM to explain why it is appropriate to use historical hourly to daily peak ratios for an extreme summer day to calculate the hourly loads for the proposed test and why it is appropriate to use seven equally-sized bins to model the hourly load uncertainty for the Limited DR Reliability Target.

A. PJM's Response to the Deficiency Letter

24. In its response to the deficiency letter, PJM states that it is not currently capable of metering and monitoring load reductions from individual demand response resource registrations and the associated end-use customers in real-time during the periods immediately preceding and immediately following load management events called by PJM. PJM states that enabling this capability would be a significant undertaking because PJM would need to modify its Tariff, other agreements, and manuals to require demand response resources to purchase, install, test, and maintain the appropriate metering and associated network and communications infrastructure to provide real-time telemetry. Further, PJM states that it would first need to determine the appropriate minimum technical requirements necessary for PJM to accomplish real-time monitoring of demand response resources.

25. In response to the deficiency letter's inquiry as to whether PJM's systems are capable of detecting changes in overall system load produced by pre- and post-commitment period ramping, PJM states that its systems are not currently capable of detecting at either a nodal, sub-zonal, or zonal level any changes in overall system load produced specifically by pre- or post-commitment period ramping by demand response resources because no real-time telemetry is currently required for such resources. PJM responds to the inquiry regarding how PJM adjusts its security constrained dispatch by explaining that it does not adjust its security constrained dispatch in response to pre- or post-commitment period demand response resource activity because PJM is not capable of detecting load changes that are produced specifically by pre- or post-commitment period demand response resource ramping.

26. In response to the question regarding the use of historical emergency DR performance data, PJM explains that it uses such data to inform operations during subsequent emergencies. However, PJM explains that capacity resource compliance assessments are based only on the hours for which the resources were required to respond, so PJM does not have historic emergency demand response resource performance data from before or after emergency events and PJM operations to date have never been informed by any estimate of pre- or post-commitment period demand response resource ramping.

27. With respect to the explanation regarding the use of historical hourly to daily peak ratios for an extreme summer day to calculate the hourly loads for the proposed test, PJM argues that it is appropriate to only use extreme summer days in the Limited DR Reliability Target analysis because those are the days that are, by a very large margin, most likely to require demand response resource implementation. PJM explains that it uses seven equally-sized bins to model the hourly load uncertainty for the Limited DR Reliability Target because it is standard industry practice to use seven data points.

B. Demand Response Supporters' Protest to the Deficiency Letter

28. In its protest, Demand Response Supporters acknowledge that it may be true that PJM cannot meter or monitor the effect that demand resource has on aggregate load in real-time, but argue that PJM does have the historic emergency demand response resources performance data to analyze the "ramp up" and "ramp down" behavior that occurs before or after an emergency Demand Resource event. According to Demand Response Supporters, on February 16, 2011, PJM filed Tariff revisions requiring that meter data be provided for all hours during the day on which a Load Management event or performance test occurs.[13] Consequently, Demand Response Supporters assert that PJM should have at least "the historic emergency DR performance data for the hours before and after an event dating back to at least 2011."[14]

29. In response to PJM's statement that its operators do not respond in real-time to load changes attributed to demand response resources, Demand Response Supporters argue that PJM's dispatchers do nonetheless pay close attention to aggregate real-time load changes and adjust their dispatch of resources accordingly, and therefore the ramping effect cannot be simply ignored for planning and analytical purposes. Demand Response Supporters argue that the Commission should require that PJM include the ramping effect in its reliability planning studies and into its real-time resource dispatch decisions, gain experience with that process, and then consider whether a third test on Limited DR is necessary. Finally, Demand Response Supporters assert that PJM's characterizations of the potential impact of its third test in its deficiency letter response differ from what PJM indicated in its original filing.[15]

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[13] *See* Revisions to PJM's Emergency Load Response Program Verification and Reporting Provisions, Docket No. ER11-2898-000 (February 16, 2011). The revisions were accepted through a delegated letter order on April 4, 2011.

[14] Demand Response Supporters Protest at 4.

[15] Specifically, Demand Response Supporters state that PJM indicates that, if its proposed test is approved for the 2016/2017 BRA, Limited DR in the unconstrained region would change from 5 percent to 4.8 percent and Limited DR in the Mid-Atlantic Area Council LDA would change from 6.2 percent to 5.7 percent, whereas PJM previously stated that, based on the 2015/2016 BRA results, Limited DR in the PJM region as a whole would change from 4.8 percent to 4.0 percent. *Id*. at 8.

C. PJM's Answer to Demand Response Supporters' Protest

30. In its answer, PJM asserts that potential changes to PJM's dispatch are far beyond the scope of the proceeding and cannot serve as the basis for rejecting an analysis based on the tariff rules and dispatch realities as they exist today. Furthermore, PJM contends that Demand Response Supporters greatly overstate the amount of information available to PJM and the usefulness of such data for the prudent dispatch and planning of the system. PJM states that, since it implemented the referenced 2011 tariff language, it has called only three mandatory load management events and these events were for only part, not all, of the PJM Region. PJM states that the data was only collected for settlement verification, is available for only a handful of hours for only two Delivery Years (for only part of the system), and therefore is not adequate to develop an accurate and reliable forecast of any ramping impacts for planning purposes.

V. Discussion

A. Procedural Matters

31. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,[16] the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

32. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure,[17] the Commission will grant Duquesne Light Company's and the Market Monitor's late-filed motions to intervene given their interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

33. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure prohibits an answer to a protest unless otherwise ordered by the decisional authority.[18] We will accept PJM's answers because they have provided information that assisted us in our decision-making process.

B. Substantive Matters

34. PJM's proposed additional test will allow PJM to minimize the risk that PJM will have to call on Limited DR to interrupt for more than six hours during a load reduction

[16] 18 C.F.R. § 385.214 (2012).

[17] *Id.* § 385.214(d).

[18] *Id.* § 385.213(a)(2).

event. PJM's proposed additional test should enhance PJM's evaluation of the Limited DR Reliability Target and minimize the risk of potential reliability concerns from relying on a resource that is not required to respond after six hours of interruption.[19] Accordingly, we accept PJM's proposed tariff revisions, effective January 31, 2013, as requested.

35. With respect to Demand Response Supporters' argument that the Commission should either reject PJM's filing or require a compliance filing to account for "ramp down" and "ramp up" effects of a demand response event, Demand Response Supporters do not provide data showing that test results would differ significantly if ramping was considered in the test. PJM is not currently required to monitor load reductions for demand response resources in real-time under its tariff, and PJM represents that its current historical data is limited to data from only three mandatory load management events, over a two year period, and for part of the system. PJM notes that, based on the overall response rate during events called in 2010 and 2011, it was able to have confidence that the demand resources called would provide near 100 percent of the requested MWs for the hours requested.[20] However, as PJM explains, without the ability to forecast ramping behavior with high confidence, PJM cannot assume that a demand response resource will perform when it is not obligated to do so. Accordingly, PJM reasonably assumes in its proposed test that demand response reductions will commence at the beginning of the six hour event and end at the end of the event.[21]

36. We disagree with Demand Response Supporters that PJM's use of the GE MARS model renders its proposal unjust and unreasonable. PJM explains that the model currently used by PJM in assessing its resource adequacy, PRISM, cannot be used to evaluate the duration of emergency actions such as Limited DR, and that GE MARS "is

[19] In addition, while the implementation of the proposed additional test would likely result in PJM accepting fewer MWs of Limited DR at lower clearing prices, PJM's analysis shows that the reduction in Limited DR will likely be modest and will result in linked offers for Annual DR and Extended Summer DR clearing in greater amounts at higher prices.

[20] PJM Deficiency Letter Response at 8.

[21] Demand Response Supporters argue that PJM makes a statement misinterpreting data from an MRC report, and therefore the Commission should reject PJM's filing. In its response, PJM provides a clarification of its statement. Other than noting that PJM may have made a misstatement of fact, Demand Response Supporters do not explain why such a misstatement should result in a rejection of this filing.

well suited to helping PJM estimate the frequency and duration of implementing emergency procedures, including dispatch of Limited DR."[22] PJM also represents that GE MARS is widely used for loss of load expectation modeling, including by NYISO, ISO-NE, and MISO. While Demand Response Supporters allege that GE MARS' results do not match historical data, PJM shows that Demand Response Supporters' argument relies on an insufficient sample and that, therefore, differences between the GE MARS results and historical results do not mean that the model itself is flawed.

37. While Demand Response Supporters assert that PJM's deficiency letter response characterizes the potential impact of the proposed test differently from the original filing, PJM's response merely provides updated results based on the next BRA, and these results do not differ significantly from the results in the original filing; in fact, the percentage changes in the Limited DR Reliability Targets in the updated results are actually less than the 0.8 percent decrease cited for the PJM region in the original filing. Therefore, we do not find this argument persuasive.

38. Demand Response Supporters also argue that the Commission should prevent PJM from making changes to Limited DR until data is available to analyze Limited DR performance. As PJM states, it has the right to make filings under FPA section 205 to change its tariff at any time. Moreover, as discussed above, we find PJM's proposed tariff revisions to be reasonable and accordingly accept PJM's filing.

39. Finally, we reject P3's, Ohio Commission's, and NCUC's arguments regarding phasing out the limited demand response resource products because we find that those arguments extend beyond the scope of this FPA section 205 filing submitted by PJM.

The Commission orders:

PJM's filing is hereby accepted, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,

[22] *Id*. at 7.

Secretary.