

MMU Position on Demand Response Saturation Issue

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Joe Bowring
John Webster



Monitoring Analytics

MMU Position

- **MMU supports the development of an unlimited capacity only product to replace the current summer only 10X6 product:**
 - **Unlimited capacity is the standard unit of measure in the RPM Auctions.**
 - This is the definition of the capacity product.
 - **The 10X6 product and the summer unlimited product are not equivalent capacity**
 - **Paying the full capacity price for a limited product distorts market outcomes**
 - **Defining the product clearly and consistently means that there is no reason for multiple capacity prices**



Unlimited Product

- **Current limited DR can be converted to an unlimited product:**
 - **Portfolio aggregation of limited DR customers to create an unlimited equivalent portfolio**
 - **Compliance evaluated at portfolio basis**
 - **EFORd approach can value all DR products**
- **Unlimited DR is a capacity only product**
 - **DR is selling interruptibility. Load is not on system when those who pay for capacity need it.**
 - **No Day Ahead or Real Time energy offers**
 - **Not eligible to set price in the energy market when called in the capacity market**
 - **No retail rate related restrictions**



MMU Position on Summer Only

- **Unlimited Product definition is consistent with value of Summer Unlimited product**
- **Customers qualifying as Summer Unlimited should wholly or partially qualify as Unlimited:**
 - **Using Firm Service Level (FSL) approach, if naturally occurring load levels are below the FSL outside the summer period, customer is compliant**
 - **Example:**
 - **If load reduction to FSL comes from air conditioning load cycling in summer peaks, non summer period load will already reflect absence of air conditioning load.**
 - **Customer would be compliant in non summer period**



Questions

- **What are the locational requirements for DR compliance/response calculations?**
 - **PJM needs to define minimum likely needed geographic area for DR response**
 - **Defines ability of CSP to aggregate limited customers into unlimited portfolio**
- **To what extent are there offsetting increases in fixed load outside of the summer period which may cause load to be greater than the FSL?**
 - **Is there weather sensitive winter load that creates load above summer FSL?**



Monitoring Analytics, LLC

2621 Van Buren Avenue

Suite 160

Eagleville, PA

19403

(610) 271-8050

MA@monitoringanalytics.com

www.MonitoringAnalytics.com

