

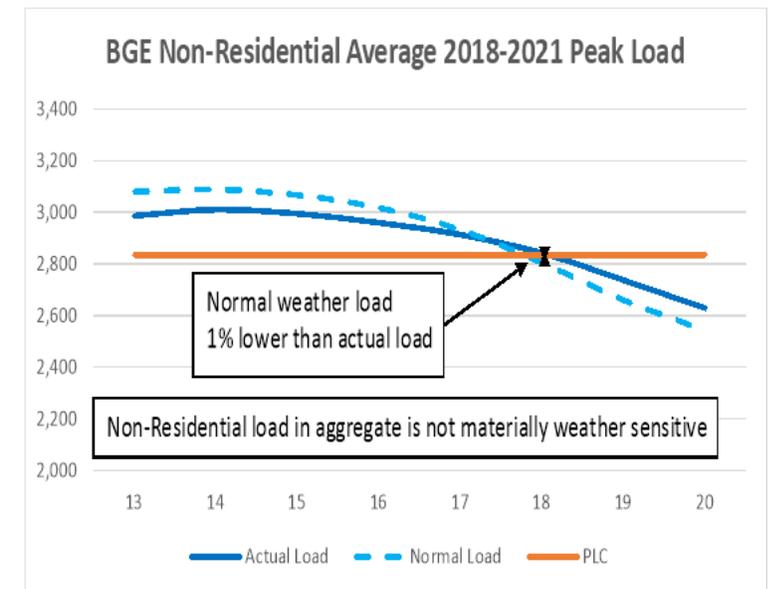
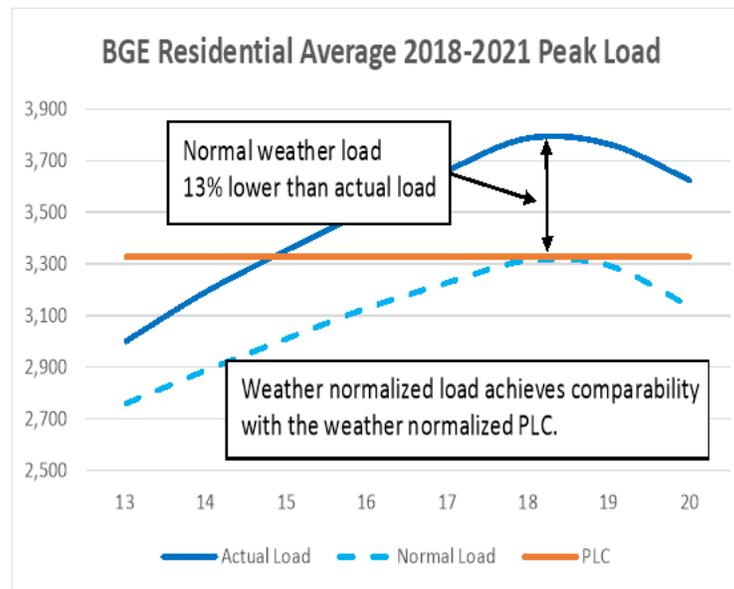
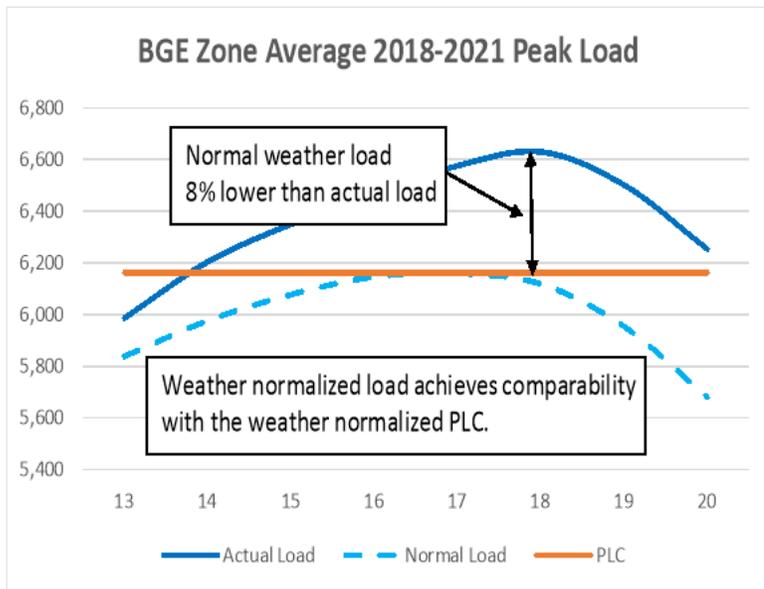


BGE's Solution Summary

December 5, 2022

Exelon/BGE Proposal is to weather normalize PAI load to be consistent and comparable to the weather normalized PLC

Weather Normalized Peak Load Achieves Comparability to the Weather Normalized PLC Forecast



The current load management compliance M&V lacks comparability to Resource Adequacy Planning processes and the Generator Capability Verification Testing process

The load management compliance M&V uses load at prevailing weather conditions

The following ***Resource Adequacy Planning*** processes use load at normal weather conditions

- Load Forecast
- Reserve Requirement Study
- Reliability Requirement
- PLC used for load management compliance M&V

Generator Capability Verification Testing results are weather normalized and compared to the generator's weather normalized Rated ICAP

The Exelon/BGE proposal will have no effect on operational reliability

The Operational reliability of PJM will go unchanged

- In both the status quo and proposed compliance constructs, the level of dispatch of the load management resource is unchanged, and PJM operators will see the same residual load

Example:

| <u>Status Quo</u> | MW | <u>Exelon/BGE Proposal</u> |
|-------------------|---------------|----------------------------|
| 1.0 | DR Capability | 1.0 |
| 1.1 | Peak Load | 1.1 |
| 0.1 | Residual Load | 0.1 |

Appendix: Weather Uncertainty in the Forecast Pool Requirement

The PJM Reserve Requirement Study sets the PJM Load Forecast uncertainty at 1%, and the weather component is one of many assumptions contained in the PJM Load Forecast

Support:

2021 PJM Reserve Requirement Study

With the implementation of the RPM capacity market in 2006, the Forecast Error Factor used in the PJM Reserve Requirement Study was changed to 1.0% for all future delivery years. This is due to the ability for PJM to acquire additional resources in incremental auctions close to the delivery year. **This mitigates the uncertainty of the load forecast** as RPM mimics a one-year-ahead forecast.

The modeling areas that encompass nearly all of the uncertainties in the Reserve Requirement Study include:

- PJM's Probabilistic Reliability Index Study Model (PRISM) program, which is the primary reliability modeling tool used in the Reserve Requirement Study
- Generation Forecasting
- Transmission System Considerations

Appendix: Weather Uncertainty in the Forecast Pool Requirement (cont'd)

Support:

The 1% Forecast Error Factor embedded in the PJM Reserve Requirement Study represents an aggregation of several sources of error in the PJM Forecast, only one of which is the weather error

PJM Manual 19, Load Forecasting and Analysis

Contributors to the PJM Forecast Error:

- PJM's assumptions for economic drivers used to estimate economic growth
- PJM's assumptions for the measures of the stock and efficiency of various electrical equipment and appliances used in residential and commercial premises
- PJM's assumptions for load forecast adjustments that a zone is anticipated to experience but have not been captured in the load forecast
- PJM's assumptions for the magnitude of load management, price responsive demand, behind-the-meter generation, and battery storage to supplement the base, unrestricted forecast
- PJM's assumption to use normal weather