

9.1.9 Demand Resource and ILR Compliance Penalty Charge

Penalties and rewards are assessed for PJM-initiated events on an event basis, following a compliance review.

A Demand Resource and ILR (Load Management) Compliance Penalty Charge is assessed to those Providers that under-complied during an event. The Load Management Compliance Charge is equal to the under-compliance MW times the Load Management Zonal Compliance Penalty Rate. Prior to the 2009/2010 Delivery Year, the Load Management Zonal Compliance Penalty Rate per MW-event is one-fifth of the annual revenue rate (\$/MW-year) applicable to the Demand Resource or ILR resource. Prior to the 2012/2013 Delivery Year~~Effective with the 2009/2010 Deliver Year~~, the Load Management Zonal Compliance Penalty Rate per MW-event is equal to the lesser of (one divided by the actual number events during the summer period, or 0.50) * a Provider's Weighted Annual Revenue Rate in such zone. In the case where a Provider's Weighted Annual Revenue Rate is equal to \$0/MW-day, a PJM Weighted Annual Revenue Rate in an LDA will be used.

$$\text{LoadManagementCompliancePenaltyCharge} = \text{UnderComplianceMW} \times \text{LMCompliancePenaltyRate}$$

Effective with the 2012/2013 Delivery Year, the LM Compliance Penalty Charge for an event is assessed daily and initially billed in the third billing month after the event occurs (e.g., June events will be initially included in the September bill, which is issued in October). The initial billing for a LM event will reflect the amounts due from the start of the Delivery Year to the last day that is reflected in the initial billing. The remaining charges for such LM event will be assessed daily and billed monthly through the remainder of the Delivery Year. The Daily Load Management Zonal Compliance Penalty Rate per MW-event is equal to the lesser of (one divided by the actual number of events during the summer period, or 0.50)*a Provider's Weighted Daily Revenue Rate in such zone. In the case where a Provider's Daily Revenue Rate is equal to \$0/MW-day, a PJM Weighted Daily Revenue in an LDA will be used.

$$\text{DailyLoadManagementCompliancePenaltyCharge} = \text{UnderComplianceMW} \times \text{DailyLMCompliancePenaltyRate}$$

A Provider's Under-Compliance MWs in a zone for an event will be reduced by the total amount of a Provider's Daily RPM Commitment Shortages in a zone for all their Demand Resources on the day of the event.

The total Load Management Zonal Compliance Deficiency Penalties assessed to the Provider in a Delivery yYear is capped at the annual revenue rate the Demand Resource or ILR resource would receive.

Prior to the 2012/2013 Delivery Year, ¶the Demand Resource and ILR Compliance Penalty Charges collected from LM Providers are allocated the third billing month after the event occurs (e.g., June events will be included in the September bill, which is issued in October) on a pro-rata basis to those LM Providers that provided load reductions in excess of the amount obligated. Effective with the 2012/2013 Delivery Year, ¶the initial allocation will reflect the credits due for such LM event from the start of the Delivery Year to the last day that is reflected in the initial billing. The remaining LM compliance credits for such LM event will be assessed daily and billed weekly/monthly through the remainder of the Delivery Year. The total event allocation to each over-performing Provider shall not exceed for each demand resource or ILR resource the volume of excess MWs provided by the resource during a single event times 1/5 of the annual revenue rate received by the demand resource or ILR resource.

Any Daily Demand Resource and ILR Compliance Penalty Charges not allocated to over-performing Providers are instead allocated to all LSEs in the RTO based on the LSE's average Daily Unforced Capacity Obligation ~~during the month the PJM-initiated Load Management event occurred.~~ Any LM compliance credits to LSEs will have the same bill timing as LM compliance credits to over-performing LM Providers.