

Proposed Clean-Up, Clarification and Corrections to Governing Documents
First Reads
For Discussion at MRC January 28, 2016

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
1.	Tariff, Att. DD §5.14A	<p>5.14A Demand Response Transition Provision for RPM Delivery Years 2012/2013, 2013/2014, and 2014/2015</p> <p>A. This transition provision applies only with respect to Demand Resources cleared in the Base Residual Auction for any or all of the 2012/2013, 2013/2014, or 2014/2015 Delivery Years (hereafter, "Transition Delivery Years" and each a "Transition Delivery Year") by a Curtailment Service Provider as an aggregator of end-use customers registered for the Emergency Load Response Program as Full Program Option or Capacity Only Option. A Curtailment Service Provider meeting the description of the preceding sentence is hereafter in this Section 5.14A referred to as a "Qualified DR Provider."</p> <p>B. In the event that a Qualified DR Provider concludes that its cleared Demand Resource for a Transition Delivery Year is not viable under the revised Reporting and Compliance provisions of the Emergency Load Response Program which became effective on November 7, 2011, pursuant to the Commission's order issued on November 4, 2011, in Docket No. ER11-3322-000 (137 FERC ¶ 61,108), the Qualified DR Provider must so inform PJM in writing by no later than 30 days prior to the next Incremental Auction for the Transition Delivery Year for which the identified Demand Resource was cleared. A Qualified DR Provider that does not timely provide the notice described in this paragraph shall be excluded from application of the remainder of this section 5.14A. A Demand Resource cleared for a Transition Delivery Year is not viable for purposes of this section 5.14A to</p>	<p>5.14A [Reserved.] Demand Response Transition Provision for RPM Delivery Years 2012/2013, 2013/2014, and 2014/2015</p> <p>A. This transition provision applies only with respect to Demand Resources cleared in the Base Residual Auction for any or all of the 2012/2013, 2013/2014, or 2014/2015 Delivery Years (hereafter, "Transition Delivery Years" and each a "Transition Delivery Year") by a Curtailment Service Provider as an aggregator of end-use customers registered for the Emergency Load Response Program as Full Program Option or Capacity Only Option. A Curtailment Service Provider meeting the description of the preceding sentence is hereafter in this Section 5.14A referred to as a "Qualified DR Provider."</p> <p>B. In the event that a Qualified DR Provider concludes that its cleared Demand Resource for a Transition Delivery Year is not viable under the revised Reporting and Compliance provisions of the Emergency Load Response Program which became effective on November 7, 2011, pursuant to the Commission's order issued on November 4, 2011, in Docket No. ER11-3322-000 (137 FERC ¶ 61,108), the Qualified DR Provider must so inform PJM in writing by no later than 30 days prior to the next Incremental Auction for the Transition Delivery Year for which the identified Demand Resource was cleared. A Qualified DR Provider that does not timely provide the notice described in this paragraph shall be excluded from application of the remainder of this section 5.14A. A Demand Resource cleared for a Transition Delivery Year is not viable for purposes of this section 5.14A to</p>	<p>PJM proposes removing this section as it sunset by its own terms at the conclusion of the 2014/2015 Delivery Year on May 31, 2015.</p> <p>PJM is making conforming changes to the following sections to remove the cross references to this section:</p> <ul style="list-style-type: none"> • Tariff, Att. K-Appendix § 8.11(vi) and Operating Agreement, Schedule 1, § 8.11(vi) will be removed as those sections solely relate to Att. DD §5.14A • Tariff, Att. DD, §5.14(e) – remove cross reference to 5.14A – also removing cross reference to 5.13 in this section as that section no longer exists either.

Proposed Clean-Up, Clarification and Corrections to Governing Documents
First Reads
For Discussion at MRC January 28, 2016

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
		<p>the extent that it relies upon load reduction by any end-use customer for which the applicable Qualified DR Provider anticipated, when it offered the Demand Resource, measuring load reduction at loads in excess of such customer's peak load contribution during Emergency Load Response dispatch events or tests.</p> <p>1. In the event a Qualified DR Provider that participates in an Incremental Auction after providing notice pursuant to paragraph B. above purchases Capacity Resources to replace its previously cleared Demand Resource at a price that exceeds the price at which the provider's Demand Resource cleared in the Base Residual Auction for the same Transition Delivery Year, the Qualified DR Provider shall receive a DR Capacity Transition Credit in an amount determined by the following:</p> <p>$DRTC = (IAP - BRP) * DRMW$</p> <p>Where: DRTC is the amount of the DR Capacity Transition Credit for the Qualified DR Provider, expressed in dollars;</p> <p>IAP = the Capacity Resource Clearing Price paid by the Qualified DR Provider for replacement Capacity Resources in the Incremental Auction for the relevant Transition Delivery Year;</p>	<p>the extent that it relies upon load reduction by any end-use customer for which the applicable Qualified DR Provider anticipated, when it offered the Demand Resource, measuring load reduction at loads in excess of such customer's peak load contribution during Emergency Load Response dispatch events or tests.</p> <p>1. In the event a Qualified DR Provider that participates in an Incremental Auction after providing notice pursuant to paragraph B. above purchases Capacity Resources to replace its previously cleared Demand Resource at a price that exceeds the price at which the provider's Demand Resource cleared in the Base Residual Auction for the same Transition Delivery Year, the Qualified DR Provider shall receive a DR Capacity Transition Credit in an amount determined by the following:</p> <p>$DRTC = (IAP - BRP) * DRMW$</p> <p>Where: DRTC is the amount of the DR Capacity Transition Credit for the Qualified DR Provider, expressed in dollars;</p> <p>IAP = the Capacity Resource Clearing Price paid by the Qualified DR Provider for replacement Capacity Resources in the Incremental Auction for the relevant Transition Delivery Year;</p> <p>BRP = the Capacity Resource Clearing Price at which the</p>	

Proposed Clean-Up, Clarification and Corrections to Governing Documents
First Reads
For Discussion at MRC January 28, 2016

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
		<p>BRP = the Capacity Resource Clearing Price at which the Qualified DR Provider's Demand Resource cleared in the Base Residual Auction for the same Transition Delivery Year; and</p> <p>DRMW = the capacity in MW of the Qualified DR Provider's previously cleared Demand Resource.</p> <p>2. All DR Capacity Transition Credits will be paid weekly to the recipient Qualified DR Providers by PJMSettlement during the relevant Transition Delivery Year.</p> <p>3. The cost of payments of DR Capacity Transition Credits to Qualified DR Providers shall be included in the Locational Reliability Charge collected by PJMSettlement during the relevant Transition Delivery Year from Load-Serving Entities in the LDA(s) for which the Q ualified DR Provider's subject Demand Resource was cleared.</p> <p>C. A Qualified DR Provider may seek compensation related to its previously cleared Demand Resource for a particular Transition Delivery Year, in lieu of any DR Capacity Transition Credits for which it otherwise might be eligible under paragraph B.1. above, under the following conditions:</p> <p>1. The Qualified DR Provider must provide timely notice to PJM in accordance with paragraph B of this section 5.14A, and</p> <p>2. The Qualified DR Provider must demonstrate to PJM's</p>	<p>Qualified DR Provider's Demand Resource cleared in the Base Residual Auction for the same Transition Delivery Year; and</p> <p>DRMW = the capacity in MW of the Qualified DR Provider's previously cleared Demand Resource.</p> <p>2. All DR Capacity Transition Credits will be paid weekly to the recipient Qualified DR Providers by PJMSettlement during the relevant Transition Delivery Year.</p> <p>3. The cost of payments of DR Capacity Transition Credits to Qualified DR Providers shall be included in the Locational Reliability Charge collected by PJMSettlement during the relevant Transition Delivery Year from Load-Serving Entities in the LDA(s) for which the Q ualified DR Provider's subject Demand Resource was cleared.</p> <p>C. A Qualified DR Provider may seek compensation related to its previously cleared Demand Resource for a particular Transition Delivery Year, in lieu of any DR Capacity Transition Credits for which it otherwise might be eligible under paragraph B.1. above, under the following conditions:</p> <p>1. The Qualified DR Provider must provide timely notice to PJM in accordance with paragraph B of this section 5.14A, and</p> <p>2. The Qualified DR Provider must demonstrate to PJM's reasonable satisfaction, not later than 60 days prior to the start of</p>	

Proposed Clean-Up, Clarification and Corrections to Governing Documents
First Reads
For Discussion at MRC January 28, 2016

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
		<p>reasonable satisfaction, not later than 60 days prior to the start of the applicable Transition Delivery Year, that a. the Qualified DR Provider entered into contractual arrangements on or before April 7, 2011, with one or more end-use customers registered for the Emergency Load Response Program as Full Program Option or Capacity Only Option in association with the Demand Resource identified in the provider's notice pursuant to paragraph B above, b. under which the Qualified DR Provider is unavoidably obligated to pay to such end-use customers during the relevant Transition Delivery Year c. an aggregate amount that exceeds: (i) any difference of (A) the amount the Qualified DR Provider is entitled to receive in payment for the previously cleared Demand Resource it designated as not viable in its notice pursuant to paragraph B of this provision, minus (B) the amount the provider is obligated to pay for capacity resources it purchased in the Incremental Auctions to replace the Demand Resource the provider designated as not viable, plus (ii) any monetary gains the Qualified DR Provider realizes from purchases of Capacity Resources in Incremental Auctions for the same Transition Delivery Year to replace any Demand Resources that the Qualified DR Provider cleared in the applicable Base Residual Auction other than the resource designated as not viable in the provider's notice pursuant to paragraph (B) of this provision, (iii) where "monetary gains" for the purpose of clause (ii) shall be any positive difference of (A) the aggregate amount the Qualified DR Provider is entitled to receive in payment for any such other Demand Resource it cleared in the Base Residual Auction, minus (B) the aggregate</p>	<p>the applicable Transition Delivery Year, that a. the Qualified DR Provider entered into contractual arrangements on or before April 7, 2011, with one or more end-use customers registered for the Emergency Load Response Program as Full Program Option or Capacity Only Option in association with the Demand Resource identified in the provider's notice pursuant to paragraph B above, b. under which the Qualified DR Provider is unavoidably obligated to pay to such end-use customers during the relevant Transition Delivery Year c. an aggregate amount that exceeds: (i) any difference of (A) the amount the Qualified DR Provider is entitled to receive in payment for the previously cleared Demand Resource it designated as not viable in its notice pursuant to paragraph B of this provision, minus (B) the amount the provider is obligated to pay for capacity resources it purchased in the Incremental Auctions to replace the Demand Resource the provider designated as not viable, plus (ii) any monetary gains the Qualified DR Provider realizes from purchases of Capacity Resources in Incremental Auctions for the same Transition Delivery Year to replace any Demand Resources that the Qualified DR Provider cleared in the applicable Base Residual Auction other than the resource designated as not viable in the provider's notice pursuant to paragraph (B) of this provision, (iii) where "monetary gains" for the purpose of clause (ii) shall be any positive difference of (A) the aggregate amount the Qualified DR Provider is entitled to receive in payment for any such other Demand Resource it cleared in the Base Residual Auction, minus (B) the aggregate amount the provider is obligated to pay for capacity resources it purchased in the applicable</p>	

Proposed Clean-Up, Clarification and Corrections to Governing Documents
First Reads
For Discussion at MRC January 28, 2016

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
		<p>amount the provider is obligated to pay for capacity resources it purchased in the applicable Incremental Auctions to replace any such other Demand Resource the provider cleared in the Base Residual Auction.</p> <p>D. A Qualified DR Provider which demonstrates satisfaction of the conditions of paragraph C of this section 5.14A shall be entitled to an Alternative DR Transition Credit equal to the amount described in paragraph C.2.c. above. Any Alternative DR Transition Credit provided in accordance with this paragraph shall be paid and collected by PJM Settlement in the same manner as described in paragraphs B.2. and B.3. of this section 5.14A, provided, however, that each Qualified DR Provider receiving an Alternative DR Transition Credit shall submit to PJM within 15 days following the end of each month of the relevant Transition Delivery Year a report providing the calculation described in paragraph C.2.c. above, using actual amounts paid and received through the end of the month just ended. The DR Provider's Alternative DR Transition Credit shall be adjusted as necessary (including, if required, in the month following the final month of the Transition Delivery Year) to ensure that the total credit paid to the Qualified DR Provider for the Transition Delivery Year will equal, but shall not exceed, the amount described in paragraph C.2.c. above, calculated using the actual amounts paid and received by the Qualified DR Provider.</p>	<p>Incremental Auctions to replace any such other Demand Resource the provider cleared in the Base Residual Auction.</p> <p>D. A Qualified DR Provider which demonstrates satisfaction of the conditions of paragraph C of this section 5.14A shall be entitled to an Alternative DR Transition Credit equal to the amount described in paragraph C.2.c. above. Any Alternative DR Transition Credit provided in accordance with this paragraph shall be paid and collected by PJM Settlement in the same manner as described in paragraphs B.2. and B.3. of this section 5.14A, provided, however, that each Qualified DR Provider receiving an Alternative DR Transition Credit shall submit to PJM within 15 days following the end of each month of the relevant Transition Delivery Year a report providing the calculation described in paragraph C.2.c. above, using actual amounts paid and received through the end of the month just ended. The DR Provider's Alternative DR Transition Credit shall be adjusted as necessary (including, if required, in the month following the final month of the Transition Delivery Year) to ensure that the total credit paid to the Qualified DR Provider for the Transition Delivery Year will equal, but shall not exceed, the amount described in paragraph C.2.c. above, calculated using the actual amounts paid and received by the Qualified DR Provider.</p> <p>Conforming changes to Tariff, Att. K-Appendix § 8.11(vi) and Operating Agreement, Schedule 1, § 8.11(vi)</p> <p>8.11 Emergency Load Response and Pre-Emergency Load</p>	

Proposed Clean-Up, Clarification and Corrections to Governing Documents
First Reads
For Discussion at MRC January 28, 2016

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
			<p>Response Participant Aggregation.</p> <p>The purpose for aggregation is to allow the participation of End-Use Customers in the Emergency Load Response and Pre-Emergency Load Response Programs that can provide less than 100 kW of demand response on an individual basis. Emergency Load Response and Pre-Emergency Load Response Participant aggregations shall be subject to the following requirements:</p> <p>....</p> <p>vi. Certain aggregations of End-Use Customers registered as Full Program Option or Capacity Only Option are subject to the "Demand Response Transition Provision for RPM Delivery Years 2012/2013, 2013/2014, and 2014/2015" in Section 5.14A of Attachment DD of the Tariff.</p> <p>Conforming change to Tariff, Att. DD, §5.14(e) – remove cross reference to 5.14A:</p> <p>5.14 Clearing Prices and Charges</p> <p>....</p> <p>e) Locational Reliability Charge</p> <p>In accordance with the Reliability Assurance Agreement, each LSE shall incur a Locational Reliability Charge (subject to certain offsets and other adjustments as described in sections 5.13, 5.14A, 5.14B, 5.14C, 5.14D, 5.14E and 5.15) equal to such LSE's Daily Unforced Capacity Obligation in a Zone during such</p>	

Proposed Clean-Up, Clarification and Corrections to Governing Documents
First Reads
For Discussion at MRC January 28, 2016

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
			Delivery Year multiplied by the applicable Final Zonal Capacity Price in such Zone. PJMSettlement shall be the Counterparty to the LSEs' obligations to pay, and payments of, Locational Reliability Charges.	
2.	RAA, § 1.7A – Capacity Import Limit	<p>1.7A Capacity Import Limit</p> <p>Capacity Import Limit shall mean</p> <p>Notwithstanding the foregoing, a Capacity Resource located outside the PJM Region shall not be subject to the Capacity Import Limit if the Capacity Market Seller seeks an exception thereto by demonstrating to PJM, by no later than five (5) business days prior to the commencement of the offer period for the relevant RPM Auction, that such resource meets all of the following requirements:</p> <p>(i) it has, at the time such exception is requested, met all applicable requirements to be treated as equivalent to PJM Region internal generation that is not subject to NERC tagging as an interchange transaction, or the Capacity Market Seller has committed in writing that it will meet such requirements, unless prevented from doing so by circumstances beyond the control of the Capacity Market Seller, prior to the relevant Delivery Year;</p> <p>(ii) at the time such exception is requested, it has long-term firm transmission service confirmed on the complete transmission path from such resource into PJM; and</p>	<p>1.7A Capacity Import Limit</p> <p>Capacity Import Limit shall mean</p> <p>Notwithstanding the foregoing, a Capacity Resource located outside the PJM Region shall not be subject to the Capacity Import Limit if the Capacity Market Seller seeks an exception thereto by demonstrating to PJM, by no later than five (5) business days prior to the commencement of the offer period for the relevant RPM Auction, that such resource meets all of the following requirements:</p> <p>(i) it has, at the time such exception is requested, met all applicable requirements to be treated as equivalent to PJM Region internal generation that is not subject to NERC tagging as an interchange transaction, or the Capacity Market Seller has committed in writing that it will meet such requirements, unless prevented from doing so by circumstances beyond the control of the Capacity Market Seller, prior to the relevant Delivery Year;</p> <p>(ii) at the time such exception is requested, it has long-term firm transmission service with rollover rights confirmed on the complete transmission path from such resource into PJM and it will exercise such rights before the transmission service expires;</p>	<p>PJM is clarifying the language to meet its intent concerning the length of transmission service necessary to meet the Capacity Import Limit (CIL) exception criteria regarding transmission service. Specifically, the language in subsection (ii) currently includes the words “long-term firm transmission service” which was intended to be more than the minimum 1 year term that is contained under the defined term “Long-term Firm Point-to-Point Transmission Services” under OATT § 1.18. Because the CIL exception is granted with the understanding the external Capacity Resource will be treated as if it is in the PJM footprint, such as by having an RPM Must Offer requirement under Tarff, Att.DD, § 6.6, a resource must have transmission service for the Delivery Year and future Deliver Years through rollover rights. As this was PJM’s, and the current language has caused confusion, PJM is clarifying the language to avoid</p>

Proposed Clean-Up, Clarification and Corrections to Governing Documents
First Reads
For Discussion at MRC January 28, 2016

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
		<p>(iii) it is, by written commitment of the Capacity Market Seller, subject to the same obligations imposed on Generation Capacity Resources located in the PJM Region by section 6.6 of Attachment DD of the PJM Tariff to offer their capacity into RPM Auctions;</p> <p>provided, however, that (a) the total megawatt quantity of all exceptions granted hereunder for a Delivery Year, plus the Capacity Import Limit for the applicable interface determined for such Delivery Year, may not exceed the total megawatt quantity of Network External Designated Transmission Service on such interface that PJM has confirmed for such Delivery Year; and (b) if granting a qualified exception would result in a violation of the rule in clause (a), PJM shall grant the requested exception but reduce the Capacity Import Limit by the quantity necessary to ensure that the total quantity of Network External Designated Transmission Service is not exceeded.</p>	<p>and</p> <p>(iii) it is, by written commitment of the Capacity Market Seller, subject to the same obligations imposed on Generation Capacity Resources located in the PJM Region by section 6.6 of Attachment DD of the PJM Tariff to offer their capacity into RPM Auctions;</p> <p>provided, however, that (a) the total megawatt quantity of all exceptions granted hereunder for a Delivery Year, plus the Capacity Import Limit for the applicable interface determined for such Delivery Year, may not exceed the total megawatt quantity of Network External Designated Transmission Service on such interface that PJM has confirmed for such Delivery Year; and (b) if granting a qualified exception would result in a violation of the rule in clause (a), PJM shall grant the requested exception but reduce the Capacity Import Limit by the quantity necessary to ensure that the total quantity of Network External Designated Transmission Service is not exceeded.</p>	<p>confusion in the future.</p>
3.	OA, § 1.35.01, Definition of PJM Market Monitor	1.35.01 PJM Market Monitor. "PJM Market Monitor" shall mean the Market Monitoring Unit established under Attachment M to the PJM Tariff.	1.35.01 PJM Market Monitor <u>or Market Monitoring Unit or MMU.</u> "PJM Market Monitor" <u>or "Market Monitoring Unit" or "MMU"</u> shall mean the Market Monitoring Unit established under Attachment M to the PJM Tariff.	This change is to ensure there is no question that the term PJM Market Monitor also includes Market Monitoring Unit or MMU.