



Capacity Market Mitigation for DER Capacity Aggregation Resources

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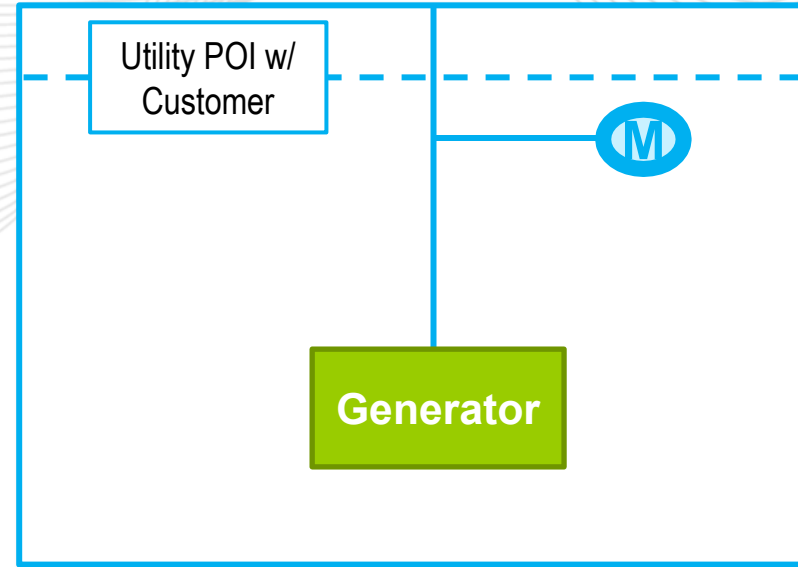
- Two capacity market mitigation rules consist of the Minimum Offer Price Rule (“MOPR”) and Market Seller Offer Cap (“MSOC”).
- The FERC found PJM’s initial proposed revisions as reforms to the application of the capacity market mitigation rules, which is outside the scope of the proceeding.
- The FERC directed PJM to submit revisions for
 - (1) Component DER that are co-located with retail end-use load, and
 - (2) apply PJM’s existing capacity market mitigation rules to DER Capacity Aggregation Resources, based on the composition of the DER Capacity Aggregation Resource.

- Resources that **are** co-located with retail end-use load (i.e. demand response) **are not** subject to MOPR or MSOC.
- Resources that **are not** co-located with retail end-use load (i.e. demand response) **are** subject to MOPR or MSOC.
- PJM proposed changes to apply capacity market mitigation rules based on resource type within the DER Capacity Aggregation Resource, and remove the exemption for the whole resource when a Component DER is co-located with retail end-use load.

1. DER Capacity Aggregation Resources that consist solely of Component DER that are not co-located with retail end-use load (i.e., connected to distribution facilities).
2. DER Capacity Aggregation Resources that consist solely of Component DER co-located with retail end-use load.
3. DER Capacity Aggregation Resources that contain both Component DER co-located with retail end-use load and Component DER not co-located with retail end-use load.

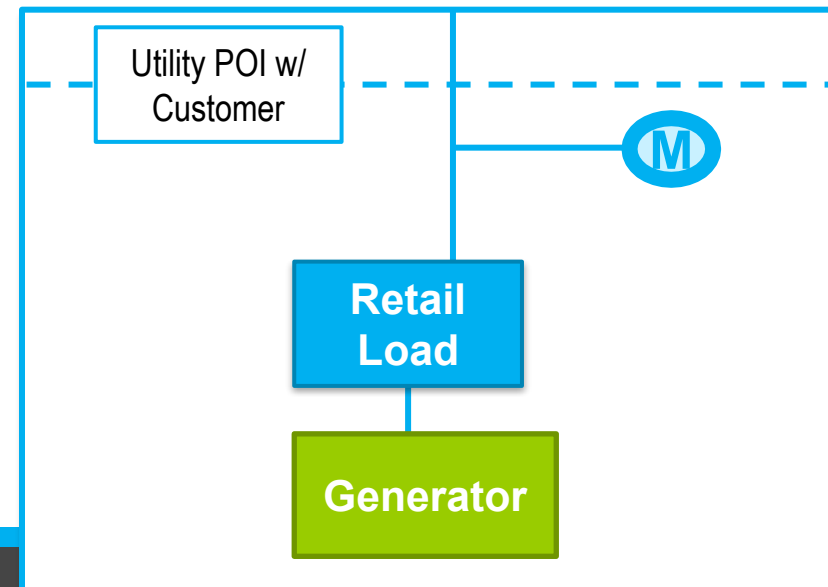
Option 1 – Component DER not co-located with retail end-use load

- Subject to Capacity Market Mitigation



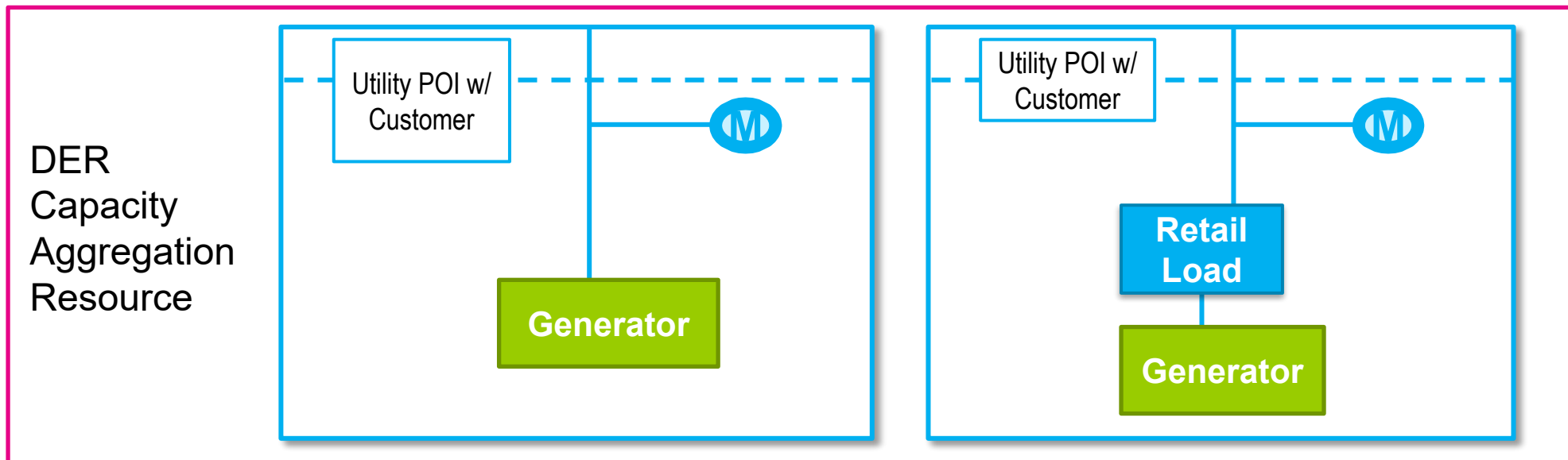
Option 2 – Component DER co-located with retail end-use load

- Not subject to Capacity Market Mitigation



Option 3 – An Aggregation containing Component DER both co-located and not co-located with retail end-use load

- Component DER co-located with retail end-use load is not subject to Capacity Market Mitigation
- Component DER not co-located with retail end-use load is subject to Capacity Market Mitigation



(k) A DER Capacity Aggregation Resource ~~containing DER Aggregation Resource(s) with Component DER directly connected to distribution facilities not co-located with retail end use load other than Station Power may~~ shall be subject to a MOPR Floor Offer Price, in accordance with the provisions applicable to MOPR Floor Offer Price for Generation Capacity Resources, as described in Tariff, Attachment DD, section 5.14(h-2), and Market Seller Offer Cap for Generation Capacity Resources in a manner consistent with the provisions applicable to Market Seller Offer Cap for Generation Capacity Resources, as described in Tariff, Attachment DD, section 6.4 and Tariff, Attachment M-Appendix, section II.E, based on the underlying technology of the Component DER.

A DER Capacity Aggregation Resource comprised solely of Component DER connected to distribution facilities shall be subject to MOPR Floor Offer Price and Market Seller Offer Cap.

A DER Capacity Aggregation Resource comprised solely of Component DER co-located with retail end-use load shall not be subject to MOPR Floor Offer Price or Market Seller Offer Cap.

A DER Capacity Aggregation Resource containing one or more Component DER directly connected to distribution facilities and one or more Component DER co-located with retail end-use load may segment offers for the Component DER subject to mitigation, based on the underlying technology of the Component DER in the DER Capacity Aggregation Resource, and further described in the PJM Manuals.

If a DER Capacity Aggregation Resource is subject to the Minimum Floor Offer Price pursuant to Tariff, Attachment DD, sections 5.14(h-2), the Capacity Market Seller that owns or controls such resources may submit a Sell Offer with a Minimum Floor Offer Price of no lower than the MW weighted average of the applicable MOPR Floor Offer Prices (zero if not applicable) of the aggregated resources in such Sell Offer.

~~(I) A DER Capacity Aggregation Resource containing DER Aggregation Resource(s) with Component DER directly connected to distribution facilities not co-located with retail end-use load other than Station Power may be subject to a Market Seller Offer Cap, in a manner consistent with the provisions applicable to Market Seller Offer Cap for Generation Capacity Resources, as described in Tariff, Attachment DD, section 6 and Tariff, Attachment M-Appendix, section II.E.~~

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