

## Potential Alternative DR/PRD Compliance Construct for Weather Sensitive Load

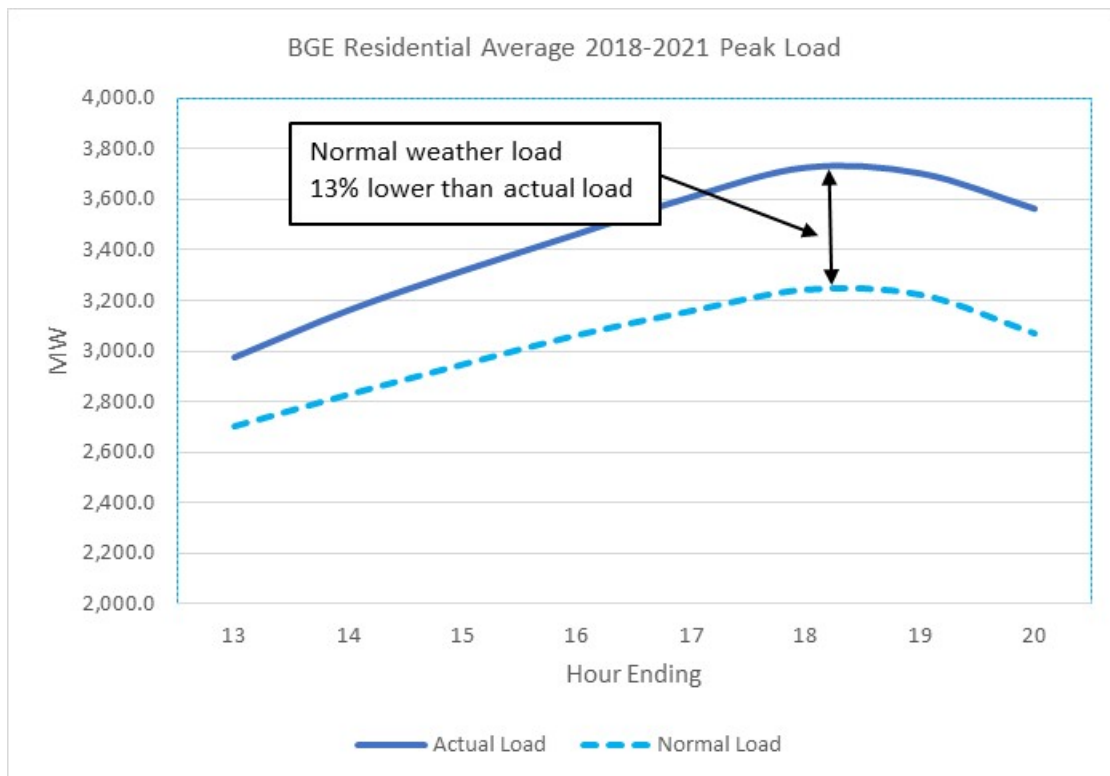
### Problem / Opportunity Statement

Exelon and Baltimore Gas and Electric are seeking to initiate a stakeholder deliberation to explore and potentially develop an optional, modified Firm Service Level (FSL) compliance construct that addresses an inconsistent application of weather standards applicable to weather sensitive load which will enable greater participation by DR/PRD customers in the capacity market.

The capacity compliance construct for DR/PRD in place today is called FSL. The FSL is used to determine DR capacity compliance during Capacity Performance periods and will apply to PRD effective June 1, 2022. FSL equals the Peak Load Contribution (“PLC”) less the amount of installed capacity the DR/PRD resource cleared in the relevant capacity auctions. Capacity compliance is achieved if metered load is at or below the FSL.

The concept inherent in the FSL compliance mechanism of reducing load below a certain level is not faulty. It is the application of the concept that is problematic for weather sensitive load. Specifically, the flaw in the FSL construct is using metered load under prevailing weather conditions to compare to the PLC based on normal peak weather conditions.

Over the average of the last four summer seasons (2018-2021), BGE’s weather sensitive residential customers’ actual peak load has been 13% higher than the same load under normal peak load weather conditions. This difference reached its highest in the summer of 2019 with normal weather load 22% lower than actual load.



## Problem/Opportunity Statement

The difference between actual load and weather normal load presents a challenge to participation in the capacity market with weather sensitive load. All of PJM's peak load forecasts, whether they be for the RTO PLC zonal allocations or for Reliability Requirements, use historic peak loads under normal weather conditions. Since the PLC represents the peak load under normal weather conditions, it is often the case that metered load under peak weather conditions is significantly higher than the PLC for weather sensitive load.

This weather standard inconsistency in the FSL compliance process for weather sensitive load results in sub-optimal opportunities for PRD/DR resources. PRD/DR programs are not able to provide the full complement of their capabilities to the market, which results in inefficiencies and higher costs to customers.

Stakeholders should consider whether there are opportunities to address the weather standard inconsistencies embedded in the existing FSL compliance construct to better accommodate DR/PRD in the markets.