



Conceptual approach to DR benefits study suggestion on how to do it

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- PJM is not available to conduct the study suggested at the previous working group meeting.
- PJM can support with data and topology information any party retained to conduct such a study.

- Consider LMP reduction benefits of load reductions.
- Assume reduction of 3% of load during 100 peak hours.
- Calculate savings by reduction of dispatch of highest cost generation.

- Load reductions bids in at \$0.
 - Necessary since it is speculative to assume what the potential bidding behavior.
 - Study assumes the cost of load reductions may be captured in Distribution rate uplift and payout.
- Assume 5 hour blocks of time for load reductions. (Means top 20 5-hour price periods).
- Focus on current PJM zonal boundaries rather than sub-zones.

- Will require model capable of complete re-dispatch of the grid for a given study period (Season or Year).
- Must be based on accurate topology of the transmission system.
- Change in loading in one area may relieve congestion in that area, but require re-dispatch in other areas (congestion shift effect).
- Highly system intensive to build and run model.

- PJM supports DR, but generally prefers in market solutions.
- Approach should not subvert or favor one type of resource over another. Least cost should always win.