

Operating Agreement Revisions



- ◆ PJM membership is required to participate in the Emergency Load Response Pilot Program. Special membership provisions have been established for pilot program participants, as outlined in the Attachment. Any existing PJM Member may act as a third party for non-members, in which case the third party will be referred to as the Curtailment Service Provider (CSP). All payments are made to the PJM Member. Participants must become signatories to the PJM Operating Agreement, as described in the ***PJM Manual for Administrative Services for the Operating Agreement of the PJM Interconnection, L.L.C.*** However, the \$5,000 annual membership fee and the \$1,500 application fee are waived, along with the following other modifications:
 - ◆ Limited to be PJM Market sellers
 - ◆ Waived voting privileges; waived sector designation
 - ◆ Provisional membership ends on 8/30/02
 - ◆ Thirty day notice for waiting period is waived
 - ◆ No requirement for 24/7 control center coverage
 - ◆ No PJM-supported user group capability is permitted

To participate in the emergency pilot program, the distributed resource must:

- ◆ Be capable of reducing at least 100 kW of load
- ◆ Have the ability to participate for a total of at least 10 hours over the pilot operating period ending May 31, 2002.
- ◆ Be available any hours between 0900 and 2200 any or all days of the week
- ◆ Be capable of achieving full reduction within one hour of PJM's request to reduce
- ◆ Be capable of receiving PJM notification

PJM Technologies, Inc. shall not participate in the Emergency Load Response Pilot Program unless PJM makes a filing with the Federal Energy Regulatory Commission demonstrating that PJM Technologies, Inc. would not receive preferential treatment and should be allowed to participate.

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PJM will submit any required reports to FERC on behalf of the Load Response Pilot Program participants. PJM will also post this document, as well as any other program-related documentation on the PJM web site.

PJM will also report the names of those end-use customers who indicated that distributed generation would be run in support of the load reduction program to the EPA, together with the permitting information that was supplied upon registration.

At the conclusion of both the summer period and the pilot program, PJM will prepare a report that summarizes the pilot program and will submit it to the PJM Board of Managers, the Members Committee, the Reliability Committee, the Energy Market Committee, and the Operating Committee for review.

On or before December 28, 2001, PJM shall file with the Federal Energy Regulatory Commission and post on the PJM website an informational report that evaluates the effectiveness of the pilot program. To the extent possible, the informational report, among other things, shall contain the following:

- A comparison of the amount of demand-side reduction obtained by the PJM members' demand side management programs during the year prior to the initiation of the pilot program and since the initiation of the pilot program.
- A comparison of the amount of total demand-side reduction in PJM in the year prior to the initiation of the pilot program and since the initiation of the pilot program.
- Relevant statistical information on pilot program participants.
- An analysis of the impact of demand-side responsiveness implemented for purely economic purposes.

OPTION 2: ECONOMIC LOAD RESPONSE PROGRAM

Participant Qualifications

The same two types of distributed resources are also candidates to participate in the PJM Economic Load Response Pilot Program:

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- ◆ A customer that has the ability to supply required load via local generators

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- These generators must be either non-synchronized to the grid or synchronized to the grid with no net export to the grid while serving local load. Participation in this program does not negate any local requirements for generators, whether synchronized or not.
- ◆ A customer that has the ability to reduce a measurable and verifiable portion of its load

The Economic Option of the Load Response Pilot Program is intended to encourage broad participation in economic load reductions by any LSE's curtailable loads. LSEs arranging load reduction agreements with customers for whom they are the energy supplier are not required to register to participate in this program. These LSEs may wish to register for the program such that the load reduction calculations appear on their monthly bill as described in the Settlements section of these procedures. (In either case, data regarding expected load reductions is required from these LSEs, as described in the "Implementation/Operations" section of this document.) Only those PJM members arranging for load reductions with customers for whom another PJM member is the LSE are required to register for the program. PJM membership is required to participate, although any existing PJM Member may act as an agent for non-members in which case the agent will be referred to as the Curtailment Service Provider (CSP). All payments are made to the PJM Member. Participants must become signatories to the PJM Operating Agreement, as described in the ***PJM Manual for Administrative Services for the Operating Agreement of the PJM Interconnection, L.L.C.***

To participate in the pilot program, the applicant must also meet the metering requirements as described in the next section.

PJM Technologies, Inc. shall not participate in the Economic Option of the Load Response Pilot Program unless PJM makes a filing with the Federal Energy Regulatory Commission demonstrating that PJM Technologies, Inc. would not receive preferential treatment and should be allowed to participate.

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Metering Requirements

The Economic Load Response Pilot Program participants must have metering equipment that provides integrated hourly kWh values, for market settlement purposes, that either meets the EDC requirements for accuracy or has a maximum error of two percent end-to-end (including PTs and CTs). The installed meter must be one of the following:

- ◆ EDC-owned hourly meter,
- ◆ Customer-owned meter including one provided by an independent metering service provider or acquired from the CSP, approved by the EDC, that is read electronically by PJM.

Nothing here changes the existence of one recognized meter by the state commissions as the official billing meter for recording consumption.

Note that various Internet applications now exist for transmission of real time metered data. Use of these applications is acceptable provided that PJM receives metered load reductions in a timely, reliable manner.

The metering requirements can be met using either of the following two methods:

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Pilot program credits will appear on the PJM Member's monthly bill, as described in the ***PJM Manual for Operating Agreement Accounting*** and the ***PJM Manual for Billing***.

Reporting

Actual load reductions will be added back for the purpose of peak load calculations.

PJM will submit any required reports to FERC on behalf of the Load Response Pilot Program participants. PJM will also post this document, as well as any other program-related documentation on the PJM web site.

PJM will also report the names of those end-use customers who indicated that distributed generation would be run in support of the load reduction program to the EPA, together with the permitting information that was supplied upon registration.

At the conclusion of both the summer period and the pilot program, PJM will prepare a report that summarizes the pilot program and will submit it to the PJM Board of Managers, the Members Committee, the Reliability Committee, the Energy Market Committee, and the Operating Committee for review.

On or before December 28, 2001, PJM shall file with the Federal Energy Regulatory Commission and post on the PJM website an informational report that evaluates the effectiveness of the pilot program. To the extent possible, the informational report, among other things, shall contain the following:

- A comparison of the amount of demand-side reduction obtained by the PJM members' demand-side management programs during the year prior to the initiation of the pilot program and since the initiation of the pilot program.
- A comparison of the amount of total demand-side reduction in PJM in the year prior to the initiation of the pilot program and since the initiation of the pilot program.
- Relevant statistical information on pilot program participants.
- An analysis of the impact of demand-side responsiveness implemented for purely economic purposes.

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