The Future of Demand Response

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• FERC Order 745 stipulates that DR be compensated full wholesale price (i.e. – LMP) when two conditions are met:
  • DR has the capability to balance supply and demand; and
  • Payment of LMP to DR is cost effective.

• Costs are allocated to load where DR reduces LMP
DR compensation at the wholesale level has been a very difficult issue, and none of the FERC or court decisions on the subject have been unanimous.
Court Order in EPSA Case

Broad range of interpretations

Eliminate Demand Response and Energy Efficiency participation in all PJM markets

Maintain current DR/EE participation – RERRA already regulates DR through 719A provisions
FERC rejected PJM’s Stopgap Filing on March 31st

Proposed path toward market clarity and confidence – contingent on Supreme Court Action

Current state of market uncertainty