



Organization of PJM States, Inc. (OPSI)

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OPSI RESOLUTION 2016-3 DEMAND RESPONSE AND CAPACITY MARKETS

WHEREAS, State Commissions have authorized and individual customers have made significant investments to be able to provide demand response; and

WHEREAS, Demand response is a critical component of effective competitive markets; and

WHEREAS, Almost 12,000 MW of demand response offered into the 2019/2020 base residual auction with 10,348 MW clearing; and

WHEREAS, Demand response from residential and commercial customers has been a reliable resource, serving to improve the competitiveness and reliability of PJM markets; and

WHEREAS, Demand response from residential ratepayers is mostly seasonal and has added value to competitive markets; and

WHEREAS, PJM's transition to only purchasing annual capacity performance products in PJM's capacity market has reduced the value of deploying demand response as a resource; and

WHEREAS, PJM's planning process for the base residual auction does not provide explicit recognition of the benefits from demand response except for those megawatts of demand response which clear in a PJM capacity auction; and

NOW, Therefore Be It Resolved, that the Organization of PJM States Inc. urges the PJM Board to direct its staff to develop market rules which optimize the participation and value of demand response in providing cost control, reliability, and competitiveness in PJM's wholesale market.