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June 2, 2014

Ms. Barcy F. McNeal, Secretary  
Public Utilities Commission of Ohio  
180 E. Broad St., 11th Floor  
Columbus, OH 43215-3793

Re: Case No. 13-2145-EL-CSS  
Material Sciences Corporation v. The Toledo Edison Company  
Administrative Notice

Dear Ms. McNeal:

During my cross examination at the May 21, 2014 hearing in the above matter, I requested that the attorney examiner take administrative notice of certain PJM documents. Attached is an excerpt from PJM Manual 18: PJM Capacity Market, Revision: 22, Effective Date: April 24, 2014 prepared by PJM Capacity Market Operations. Attached to this letter is a copy of Section 9.1.9 Demand Resource Compliance Penalty Charge which consists of pages 144-145 of PJM Manual 18.

On behalf of the complainant, I respectfully request that the attorney examiner and the Commission take administrative notice of Section 9.1.9 and particularly the second and fifth paragraphs found on page 144. A copy of this letter and the excerpt are being served via email on all counsel of record.

Thank you for your consideration.

Sincerely yours,

Stephen M. Howard  
Attorney for Complainant

SMH/jaw  
Enclosure

# **VORYS**

Legal Counsel

Ms. Barcy F. McNeal, Secretary

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cc: Attorney Examiner Richard Bulgrin  
Carrie Dunn  
Laura C. McBride  
Christine E. Watchorn



### 9.1.9 Demand Resource Compliance Penalty Charge

Penalties and rewards are assessed for PJM-initiated events on an event basis, following a compliance review.

A Demand Resource Compliance Penalty Charge is assessed to those Providers with committed registrations that under complied during an event. The Load Management Compliance Charge for an under compliant registration is equal to the under compliance MWs for the dispatched registration in a zone times the Load Management Zonal Compliance Penalty Rate applicable to such dispatched registration in a zone.

$$\text{LoadManagementCompliancePenaltyCharge} = \text{UnderComplianceMW} \times \text{LMCompliancePenaltyRate}$$

The LM Compliance Penalty Charges will not be assessed to registrations that are dispatched on a transmission sub zonal basis for the 2012/2013 and 2013/2014 Delivery Years. Effective with the 2014/2015 Delivery Year, LM Compliance Penalty Charges will not be assessed to registrations that are dispatched on a transmission sub zonal basis unless such subzone is defined and publicly posted the day before the Load Management Event.

The LM Compliance Charges for an event for dispatched registrations in a zone of the Limited DR product type are assessed daily and initially billed in the third billing month after the event occurs (e.g., June events will be initially included in the September bill issued in October). The initial billing for a LM event will reflect the amounts due from the start of the Delivery Year to the last day that it is reflected in the initial billing. The remaining charges for such LM event will be assessed daily and billed monthly through the remainder of the Delivery Year. The LM Compliance Charges for an event for dispatched registrations in a zone of the Annual DR or Extended Summer DR product type are assessed daily and billed by the later of the month of June following such Delivery Year or the third billing month following the Load Management event that gave rise to such charge. The billing for the Load Management event for Annual DR or Extended Summer DR will be in a lump sum and reflect the accrued charges for the entire Delivery Year.

Effective with the 2012/2013 through 2013/2014 Delivery Years, the Daily Load Management Zonal Compliance Penalty Rate per MW-event applicable to a registration is equal to the lesser of (one divided by the actual number of events during the summer period for the dispatched registration in such zone, or 0.50) \* Provider's Weighted Daily Revenue Rate in such zone for the dispatched registration. In the case where a Provider's Daily Revenue Rate in such zone for the dispatched registration is equal to \$0/MW-day because the committed resource associated with the registration did not clear in any RPM Auction (i.e., commitments were due to the resource being used as a source of a Locational UCAP transaction or as replacement capacity), a PJM Weighted Daily Revenue Rate applicable to such dispatched registration in such zone will be used.

Effective with the 2014/2015 Delivery Year, the LM Compliance Charge for an event for a dispatched registration in a zone for the on-peak period (which includes all hours for which a Limited Demand Resource would be expected to respond) is equal to the lesser of (one divided by the actual number of on-peak events during the Delivery Year for the dispatched registration in such zone, or 0.50) \* Provider's Weighted Daily Revenue Rate in such zone for the dispatched registration, multiplied by the net under-compliance in such on-peak period for the dispatched registration. In the case where a Provider's Weighted Daily Revenue Rate in such zone for the dispatched registration is equal to \$0/MW-day, a PJM



Weighted Daily Revenue Rate applicable to such dispatched registration in such zone will be used.

The LM Compliance Charge for an event for a dispatched registration in a zone for the off-peak period (which includes all hours for which a Annual Demand Resource and Extended Summer Demand Resource would be expected to respond, but does not include hours in on-peak period) is equal to  $1/52$  times \* Provider's Weighted Daily Revenue Rate in such zone for the dispatched registration, multiplied by the net under-compliance in such off-peak period for dispatched registration. In the case where a Provider's Weighted Daily Revenue Rate in such zone for the dispatched registration is equal to \$0/MW-day because the committed resource associated with the registration did not clear in any RPM Auction (i.e., commitments were due to the resource being used as a source of a Locational UCAP transaction or as replacement capacity), a PJM Weighted Daily Revenue Rate applicable to such dispatched registration in such zone will be used.

If a Load Management Event is comprised of both an on-peak and off-peak period, then such LM Compliance Charge for such event for a dispatched registration will be the higher of the LM Compliance Charge calculated based on the rate applied for the on-peak period and the registration's under-compliance MWs for the event or LM Compliance Charge calculated based on the rate applied for off-peak period and the registration's under-compliance MWs for the event.

The total Load Management Zonal Compliance Deficiency Penalties assessed to the Provider in a Delivery Year is capped at the annual revenue the provider's Demand Resources would receive.

The Demand Resource Compliance Penalty Charges collected from LM Providers with under-compliant registrations for an event are allocated on a pro-rata basis to those LM Providers with committed registrations that provided load reductions in excess of the amount obligated to provide for such event. The total event allocation to each over-performing registration shall not exceed for each committed registration the volume of excess MWs provided by the committed registration during a single event times  $1/5$  of the provider's weighted daily revenue rate received by the registration dispatched. Any Load Management Compliance Charges for an event collected from under-compliant registrations of the Limited DR product type will be allocated to over-compliant registrations for such event and have the same bill timing as LM Compliance Charges for Limited DR for such event. Any Load Management Compliance Charges for an event collected from under-compliant registrations of the Annual DR or Extended Summer DR product type will be allocated to over-compliant registrations for such event and have the same bill timing as LM Compliance Charges for Annual DR or Extended Summer DR for such event.

Any Demand Resource Compliance Penalty Charges not allocated to over-performing Providers are instead allocated to all LSEs in the RTO based on the LSE's Daily Unforced Capacity Obligation.

Any LM compliance credits to LSEs will have the same bill timing as LM compliance credits to over-performing providers.

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**6/2/2014 1:08:53 PM**

**in**

**Case No(s). 13-2145-EL-CSS**

Summary: Correspondence Administrative Notice electronically filed by Mr. Stephen M Howard on behalf of Material Sciences Corporation