

Indiana Michigan Power
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Received On: January 7, 2013
IURC 30-DAY Filing No.: 3094
Indiana Utility Regulatory Commission

A unit of American Electric Power

Secretary of the Commission
Indiana Utility Regulatory Commission
PNC Center
101 West Washington Street, Suite 1500 East
Indianapolis, Indiana 46204

January 3, 2013

Dear Secretary:

Pursuant to 170 IAC 1-6, Indiana Michigan Power Company (I&M) submits this thirty-day filing requesting amendments to I&M's Riders D.R.S.1 (Demand Response Service - Emergency) and D.R.S.3 (Demand Response Service - Ancillary). In support of this thirty-day filing, I&M represents that on April 27, 2011 in Cause No. 43566 PJM1, the Commission approved I&M's Rider D.R.S.1 and on October 5, 2011 in Cause No. 43566 PJM1, the Commission approved I&M's Rider D.R.S.3. Rider D.R.S.1 provides I&M's retail customers the ability to participate, through I&M, in the PJM Emergency Demand Response Program. Rider D.R.S.3 provides I&M's retail customers the ability to participate, through I&M, in the PJM Economic Demand Response Program for the purpose of providing Ancillary Services. After two (2) PJM years of offering access to demand response programs, approximately 53 I&M customer accounts have enrolled under Rider D.R.S.1 and no customers have enrolled under Rider D.R.S.3.

PJM is a FERC-approved regional transmission organization (RTO), which AEP and I&M joined to fulfill its regulatory obligation to join an RTO. PJM is a long-established organization that manages the transmission grid for numerous companies in the eastern United States and fulfills the functions defined in FERC Order 2000. The AEP System-East Zone integrated its operations with PJM and began participating in the PJM energy market on October 1, 2004. The I&M demand response riders were developed by I&M to provide I&M's retail customers an opportunity to participate in RTO demand response through I&M.

In an effort to encourage additional I&M customer participation under Rider D.R.S.1, I&M is proposing amendments to the rider to lower the thresholds to allow customers to offer smaller curtailable capacity amounts, individually and aggregated. In conjunction with this proposed change in qualifying thresholds, I&M is also proposing language, such that customers committing curtailable amounts less than 50 kW will be required to pay in advance, a fee to cover the cost of needed interval metering when such metering is not already installed.

In an effort to maintain alignment with PJM guidelines and to make the Performance Based Regulation Market (Regulation Market) demand response financially feasible for I&M's customers, I&M is proposing amendments to Rider D.R.S.3. PJM has modified its minimum kW reduction required for customers participating in the Synchronized Reserved market. I&M is proposing to reduce this rider requirement to align with PJM's requirement. Regarding the

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Regulation Market under Rider D.R.S.3, the costs associated with implementing and maintaining a viable program is determined to be cost prohibitive, at least for an I&M only program. It is a market niche that very few curtailment service providers (CSP) are currently participating. A provision of Rider D.R.S.3 provides that the incremental cost of special control equipment required for service under Rider D.R.S.3, beyond that normally provided by I&M, shall be borne by the customer. To allow I&M's customers that wish to participate in the Regulation Market access to those CSPs that do offer such service, I&M is proposing that at this time, after entering into a contract with I&M, the customer be allowed to make arrangements with the CSP such that all provisions of participation in the Regulation Market, including enrollment, implementation, terms and conditions and settlement shall be between the customer and the CSP.

The proposed modifications to Riders D.R.S.1 and D.R.S.3 will expand the opportunity for I&M's customers to participate in demand response programs while helping I&M keep its costs associated with managing such programs as cost effective as possible.

In support of this 30-Day filing, I&M is submitting the following information:

1. Original and three copies of Indiana Michigan Power Company's Rider D.R.S.1 (Demand Response Service - Emergency) and Rider D.R.S.3 (Demand Response Service - Ancillary), Tariff Sheets FIRST REVISED SHEET NO. 46.00, SECOND REVISED SHEET NO. 46.1, SECOND REVISED SHEET NO. 46.2, SECOND REVISED SHEET NO. 46.3, SECOND REVISED SHEET NO. 46.4, FIRST REVISED SHEET NO. 48.00, FIRST REVISED SHEET NO. 48.2, FIRST REVISED SHEET NO. 48.4, FIRST REVISED SHEET NO. 48.5 and FIRST REVISED SHEET NO. 48.6.
2. Supporting meter cost documentation, Attachment A, and
3. Verified Statement of Publication.

Upon completion of your review, please return to us one set of the stamped approved tariff sheets.

If you have any questions regarding I&M's filing please contact me at (260) 408-3503 or wwhix@aep.com.

Sincerely,


William W. Hix
Principal Regulatory Consultant

Enclosures

cc: Brad Borum-IURC
David Stippler-OUCC

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RIDER D.R.S.1
(Demand Response Service - Emergency)

Availability of Service.

Available for demand response service (DRS) to customers taking firm service from the Company under Riders M.G.S., M.G.S.-TOD, L.G.S., L.G.S.-TOD, I.P., M.S., W.S.S., E.H.S., or E.H.G. who have the ability to curtail load under the provisions under this Rider. Each customer electing service under this Rider shall contract for a definite amount of DRS capacity, not to exceed the customer's normal demand capable of being curtailed.

The Company reserves the right to limit the aggregate amount of DRS capacity contracted for under this Rider, Tariff C.S.-IRP and Tariff C.S.-IRP2 to 235 MVA. The Company will take DRS requests in the order received. The customer's DRS capacity under this Rider will be enrolled in the PJM Interconnection, L.L.C. RTO (PJM) Emergency Demand Response Program through the Company. The customer's DRS capacity is not eligible for enrollment in any PJM demand response program either directly or through a curtailment service provider. Customer's participating in this Rider may elect to use the services of curtailment service providers provided that such arrangements do not violate the terms and conditions of this Rider.

Conditions of Service.

- (1) The provisions of this Rider qualify under the PJM Emergency Demand Response Program as of the effective date. The Company reserves the right to make changes to this Rider in order to continue to qualify under the PJM Emergency Demand Response Program, or otherwise, as appropriate.
- (2) The Company reserves the right to call for (request) customers to curtail their DRS load when an Emergency Mandatory Load Management Reduction Action has been issued by PJM.
- (3) The Company will endeavor to provide as much advance notice as possible of curtailments under this Rider including an estimate of the duration of such curtailments. However, the customer's DRS load shall be curtailed within 90 minutes if so requested.
- (4) All curtailments will apply for the delivery year which is defined by PJM as June 1 through May 31 of the following year. Contracts will apply for multiple delivery years.
- (5) In no event shall the customer be subject to DRS load curtailment under the provisions of this Rider for more than ten (10) interruptions during any delivery year and each interruption shall last no more than six (6) hours. The customer must agree to be subject to DRS curtailments of up to six (6) consecutive hours' duration for each curtailment event, on weekdays between 12 noon and 8 p.m., Eastern Time, for the months May through September and between 2 p.m. and 10 p.m., Eastern Time, for the months October through April.
- (6) The Company will inform the customer regarding the communication process for notices to curtail. The customer is ultimately responsible for receiving and acting upon a curtailment notification from the Company. The customer is not responsible in the event the Company fails to properly issue a curtailment notification.
- (7) All customer metering demand data required under this Rider shall be determined from 15-minute integrated metering with remote interrogation capability and demand recording equipment owned, installed, operated and maintained by the Company. When required, the Company will install such metering equipment for individual accounts contracting for 50 kW or more at no cost to the customer and for accounts contracting for less than 50 kW, a fee of \$750.00 paid in advance shall be required.
- (8) During each delivery year the Company will conduct a test and verify the customer's ability to curtail as required by PJM. However, if a curtailment event is called by PJM prior to the test, then the event shall

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(Cont'd on Sheet No. 46.1)

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PRESIDENT
FORT WAYNE, INDIANA

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**RIDER D.R.S.1
(Demand Response Service - Emergency)**

(Cont'd from Sheet No. 46.00)

- be considered the test for the delivery year. The Company reserves the right to re-test all customers if the Company does not achieve the minimum 75% compliance testing standards for all of the Company's DRS customers as required by PJM. Additionally, the Company reserves the right to retest individual customers that fail to comply during a test. These tests must be conducted for one hour on a weekday between 12 noon and 8 p.m., Eastern Time, from June 1 through September 30 during the delivery year.
- (9) If the customer fails to comply with the provisions of curtailment under this Rider, the Company and the customer will discuss methods to comply during future events. If the problem cannot be resolved to the Company's satisfaction the Company reserves the right to suspend service to the customer under this Rider for 90 days while requesting Commission approval to discontinue service to the customer under this Rider.
- (10) The minimum DRS capacity contracted for under this Rider will be 100 kW. Customers with multiple electric service accounts may aggregate those individual accounts to meet the 100 kW minimum DRS capacity requirement under this Rider; however, the DRS capacity committed for each individual account shall not be less than 25 kW and no more than one site may be 100 kW or greater .
- (11) The Company reserves the right to call for (request) customers to curtail their DRS load when, in the sole judgment of the Company, an emergency condition exists on the American Electric Power (AEP) System. The Company shall determine that an emergency condition exists if curtailment of load served under this Rider is necessary in order to maintain service to the Company's other firm service customers according to the AEP System Emergency Operating Plan.
- (12) **NO RESPONSIBILITY OR LIABILITY OF ANY KIND SHALL ATTACH TO OR BE INCURRED BY THE COMPANY OR THE AEP SYSTEM FOR, OR ON ACCOUNT OF, ANY LOSS, COST, EXPENSE, OR DAMAGE CAUSED BY OR RESULTING FROM, EITHER DIRECTLY OR INDIRECTLY, ANY CURTAILMENT OF SERVICE UNDER THE PROVISIONS OF THIS RIDER.**

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Customer Baseline Load Calculation.

A Customer Baseline Load (CBL) will be calculated for each hour corresponding to each curtailment event hour. Normally, the CBL will be calculated for each hour as the average corresponding hourly demands from the highest four (4) out of the five (5) most recent similar non-event days in the period preceding the relevant curtailment event. The highest load days are defined as the similar days (Weekday, Saturday, Sunday/Holiday as defined by PJM) with the highest energy consumption spanning the curtailment event hours. In cases where the normal calculation does not provide a reasonable representation of normal load conditions, the Company and the customer may develop an alternative CBL calculation that more accurately reflects the customer's normal consumption pattern.

(Cont'd on Sheet No. 46.2)

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RIDER D.R.S.1
(Demand Response Service - Emergency)

(Cont'd from Sheet No. 46.1)

Curtailed Demand.

The customer's Curtailed Demand shall be determined based upon the method of measurement chosen by the customer. The customer may choose one of two methods to measure the curtailed demand: 1) Guaranteed Load Drop (GLD) or 2) Firm Service Level (FSL). The method chosen shall remain in effect for the entire contract period.

(1) Guaranteed Load Drop Method

- (a) Each customer must designate a Guaranteed Load Drop (GLD), which amount shall be the minimum demand reduction that the customer will provide for each hour during a curtailment event or during a curtailment test.
- (b) If the customer fails to fully comply with a request for curtailment under the provisions of this Rider or does not reduce load by the full GLD, a non-compliance charge shall apply. For this purpose, Actual Load Drop (ALD) is defined as the difference between the customer's CBL and their actual hourly load. If the ALD is less than the GLD, the Event Non-Compliance Demand shall be equal to the average difference between the GLD and the ALD occurring during the hours of the curtailment event. Otherwise, the Event Non-Compliance Demand shall be zero (0).

(2) Firm Service Level (FSL) Method

- (a) Firm Service Level Peak Load Contribution (PLC) – The customer's PLC will be calculated each year as the average of its load during PJM's five (5) highest peak loads during the twelve month period ended October 31 of the previous year. In the cases where the normal calculation does not provide a reasonable representation of normal load conditions, the Company and the customer may develop an alternative PLC calculation that more accurately reflects the customer's normal consumption pattern.
- (b) Available Curtailable Demand (ACD) - The customer must designate an ACD, defined as the difference between the PLC and the Firm Service Level (FSL). The FSL is the demand to which the customer agrees to reduce load to or below for each hour during a curtailment event.
- (c) If the customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Non-Compliance Charge shall apply. If a customer is operating at or below their designated FSL during an event, it will be understood that they have no DRS capacity available with which to comply and will not be charged a non-compliance penalty. If the metered demand during the curtailment event is above the FSL, the Event Non-Compliance Demand shall be equal to the average difference between the customer's metered demand and the FSL during the hours of the curtailment event. Otherwise the Event Non-Compliance Demand shall be zero (0).

Curtailed Energy.

The Curtailed Energy shall be determined for each curtailment event hour, defined as the difference between the customer's CBL for that hour and the customer's metered load for that hour.

(Cont'd on Sheet No. 46.3)

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RIDER D.R.S.1
(Demand Response Service - Emergency)

(Cont'd from Sheet No. 46.2)

Curtailment Credits.

The **Curtailment Energy Credit** shall be 90% of the AEP East Load Zone hourly Real-Time Locational Marginal Price (LMP) established by PJM (including congestion and marginal losses) for each curtailment event hour.

The **Curtailment Demand Credit** shall be calculated in \$ per kW-month as the greater of (a) the four-year average RPM Clearing price for the applicable locational delivery area, calculated using the preceding delivery year, the delivery year and the subsequent two (2) delivery years and (b) 35% of the applicable PJM Reliability Pricing Model (RPM) Net Cost of New Entry (Net CONE) for the delivery year.

The Curtailment Demand Credit for the June 1, 2012 through May 31, 2013 delivery year is as follows:

<u>Delivery Year</u>	<u>RPM Clearing Price</u> \$/MW-day (a)	<u>2012/2013 Net Cone</u> \$/MW-day	<u>35% of Net Cone</u> \$/MW-day (b)	<u>Greater of (a) and (b)</u> \$/MW-day	<u>Curtailment Demand Credit*</u> \$/kW-month
June 1, 2011 to May 31, 2012	\$110.00				
June 1, 2012 to May 31, 2013	\$16.46				
June 1, 2013 to May 31, 2014	\$27.73				
June 1, 2014 to May 31, 2015	<u>125.99</u>				
Four-Year Average	\$70.05	\$276.09	\$96.63	\$96.63	\$2.939

* Curtailment Demand Credit in \$/kW-month calculated as \$/MW-day times 365 divided by 12,000.

Monthly Demand Credit.

The Monthly Demand Credit shall be applicable to each month the customer is served under this Rider, regardless of whether or not there are any curtailment events during the month.

1. Guaranteed Load Drop Method – The Monthly Demand Credit shall be equal to the product of the GLD and the Curtailment Demand Credit.
2. Firm Service Level (FSL) Method – The Monthly Demand Credit shall be equal to the product of the ACD and the Curtailment Demand Credit.

Monthly Event Credit.

An Event Credit shall be calculated for each event hour equal to the product of the Curtailed Energy for that hour and the Curtailment Energy Credit for that hour. The Monthly Event Credit shall be the sum of the hourly Event Credits for all events occurring in the calendar month, but shall not exceed the portion of the customer's monthly bill that is computed on a per KWH basis under the applicable Standard Rider for the same billing month. The customer shall not receive Event Credit for any curtailment events to the extent

(Cont'd on Sheet No. 46.4)

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(Demand Response Service - Emergency)**

(Cont'd from Sheet No. 46.3)

that the customer's DRS capacity is already reduced due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, economic conditions, or any situation other than the customer's normal operating conditions. Event Credits will not be withheld if the customer's DRS capacity is already reduced as a result of customer actions taken in anticipation of a curtailment.

Annual Non-Compliance Charge.

Charges for non-compliance will be based on the customer's Non-Compliance Demand which reflects any failure by the customer to fully comply with requests for curtailment under the provisions of this Rider during the months of June through September. The Annual Non-Compliance Charge will be computed at the completion of the September delivery month. The Annual Non-Compliance Charge shall be equal to the average Non-Compliance Demand times the Curtailment Demand Credit times 12.

In the event that the Annual Non-Compliance Charge is greater than zero, such charge shall be assessed as a uniform offset to the Customer Credits for remaining months of the delivery year, September through May. In no event shall the Annual Non-Compliance Demand Charge exceed the sum of the Customer Credits, excluding the Annual Non-Compliance Charge, for the delivery year.

Customer Credit.

The net amount of the Monthly Demand Credit, Monthly Energy Event Credit and Annual Non-Compliance Charge will be provided to the customer by check within 60 days after the end of the delivery month. A customer may request the aggregation of individual customer account credits into a single credit.

Term.

Contracts under this Rider shall be made for an initial period of four (4) delivery years and shall remain in effect until either party provides three (3) years' written notice prior to March 1 of its intention to discontinue service under the terms of this Rider for the fourth delivery year beginning after the notice is provided. Written notice deadlines through March 1, 2015 are as follows:

<u>Written Notice Deadline</u>	<u>Effective Date of End of Service under Rider</u>
March 1, 2013	June 1, 2016
March 1, 2014	June 1, 2017
March 1, 2015	June 1, 2018
March 1, 2016	June 1, 2019

Special Terms and Conditions.

Customer specific information, including, but not limited to DRS contract capacity, shall remain confidential.

If a new peak demand is set by the customer in the hour following a curtailment event due to the customer resuming the level of activity prior to the curtailment, the customer may request, in writing, that the customer's billing demand be adjusted to disregard that new peak. The Company will promptly evaluate all such requests and approve reasonable requests. In specific circumstances and subject to reasonable conditions, the Company may approve requests in advance.

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RIDER D.R.S. 3
(Demand Response Service – Ancillary)

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Availability of Service.

Demand Response Service (DRS3) is available to customers taking firm service from the Company under tariffs M.G.S., M.G.S.-TOD, L.G.S., L.G.S.-TOD, I.P., M.S., W.S.S., E.H.S., or E.H.G. who have the ability to control load under the provisions under this Rider. DRS3 is also available on a voluntary basis to customers taking interruptible service under a contract with the Company, except to the extent the customer's participation in DRS3 would keep the customer from meeting the load reduction requirements of the contract. DRS3 provides participating customers an opportunity to offer demand response to meet the needs of the transmission system and receive a payment or credit for such demand response service.

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The customer's demand response service under this Rider will be enrolled in the PJM Interconnection, L.L.C. RTO (PJM) Economic Demand Response Program through the Company, for the purpose of providing Ancillary Services. The customer's demand response service is not eligible for enrollment in any PJM demand response program either directly or through a curtailment service provider, except as noted within this rider. Customer's participating in this Rider may elect to use the services of Curtailment Service Providers provided that such arrangements do not violate the terms and conditions of this Rider.

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A Curtailment Service Provider is an entity such as a PJM-qualified CSP that the customer has designated to facilitate all or some of the customer notifications and transactions under this Rider.

The customer must provide written notice to the Company of any such designation. Such written notice shall specify the authority that the customer has granted to the Curtailment Service Provider, including any authority to access customer data. The customer is ultimately responsible for compliance with the terms and conditions of this Rider, including any charges under this Rider, in which the customer has voluntarily elected to participate.

The term "customer" or "resource" as used herein shall mean the customer or an aggregation of customers that have agreed for purposes of participation in this Rider to participate as an aggregation in the same manner as a single customer would under this Rider. The term "participant" as used herein shall mean the customer or customer-designated Curtailment Service Provider as defined above.

Conditions of Service.

- (1) The provisions of this Rider qualify under the PJM Economic Demand Response Program as of the effective date, and as such, the customer must be registered in the PJM Economic Demand Response program. The Company reserves the right to make changes to this Rider in order to continue to qualify under the PJM Economic Demand Response Program, PJM manual changes and/or any changes to regulatory standards that apply.
- (2) Ancillary product specific metering and/or telemetering is required. Meter and telemetry equipment shall meet the minimum PJM and Company requirements for each Ancillary Service desired to be supplied by the customer. The incremental cost of any special metering, communications, control equipment and all equipment required to integrate into the Company's systems required for service under this Rider beyond that normally provided shall be borne by the customer.

(Cont'd on Sheet No. 48.1)

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(Cont'd from Sheet No. 48.1)

- g. For Demand Resources, measurement is the difference between the demand resource's MW consumption at the time a resource is requested by PJM dispatch to reduce and its MW consumption after 30 minutes of the request. In order to allow for small fluctuations and possible telemetry delays, demand resources consumption at the start of the event is defined as the greatest telemetered consumption between one (1) minute prior to and one (1) minute following the issuance of the dispatch instruction. Similarly, a demand resource's consumption thirty minutes after the dispatcher request is defined as the lowest consumption measured between twenty nine (29) and thirty (31) minutes after the start of the request.

Day-Ahead Scheduling Reserves Payment / Credit:

The Company shall provide payment / credit to participant as the product of the Day-Ahead Cleared Scheduling Reserve (MW) or assigned MW and the Day-Ahead Scheduling Reserve (DASR) Clearing Price as determined by PJM. In the event PJM dispatches a reduction in load, participant will receive payment / credit as a product of the amount of reduction and AEP Zonal LMP ("LMP) for the duration of the dispatch period.

Payment / credit will not be provided for energy that is also receiving payment or curtailment credits under Rider D.R.S. 1 or Rider D.R.S. 2.

Day-Ahead Scheduling Reserves Non-Compliance Penalty:

In the event the customer does not reduce assigned load in compliance with the Day-Ahead Scheduling Reserves program rules, then a penalty shall be issued to the customer, which shall include the following:

1. Forfeiture of revenue over hours assigned for the day, and any contiguously awarded hours prior to such compliance failure.

2. SYNCHRONIZED RESERVES (SR) MARKET

Description: SR Market provides for the supply of electricity if the grid has an unexpected need for more power on short notice. Demand resources may bid to supply synchronized reserve by reducing their energy use within ten (10) minutes. Synchronized Reserve resources include demand response and generator resources.

Synchronized Reserves Market Requirements / Implementation:

- a. One-minute interval metering is required for customers electing to participate under the SR Market option.
- b. The minimum kW reduction is 100 kW.
- c. Customer shall be required to reduce load within ten (10) minutes when notified by the Company for a SR event, if cleared in SR market.
- d. Participation in Synchronized Reserves Market requires 24-hour all-call availability unless participant defines hour(s) of participation.

(Cont'd on Sheet No. 48.3)

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Tier 2 Payment / Credit:

Payment / credit is provided to resource owner that has pool-scheduled synchronized reserve.

SR payment / credit for resources assigned pool-scheduled synchronized reserve is the resource's synchronized reserve offer times its assigned synchronized reserve capability less any shortfall due to failure to provide assigned capability during a synchronized reserve event (plus opportunity cost, energy use costs, and startup costs incurred, for generators), as applicable.

Tier 2 Non-Compliance Penalty:

In the event the customer does not reduce specified load to meet the PJM Synchronized Reserves Market under a Tier 2 commitment, then a penalty shall be issued to the customer, which shall include the following:

1. Forfeiture of Tier 2 revenue over contiguous hours assigned (or, no payment for all hours included in the offer).
2. Payment of the Tier 2 (PJM) clearing price times the amount of non-performance for the three consecutive same peak days occurring at least three business days following the event.

Determination and verification of reductions shall be consistent with the requirements of the PJM Synchronized Reserves Market, including provisions related to "batch load" resources.

3. PERFORMANCE BASED REGULATION MARKET

The Company is not providing Performance Based Regulation service at the present time. Customers who desire to participate in the Regulation Market utilizing Demand Response shall make the necessary arrangements with a qualified PJM Regulation Service Provider for enrollment, implementation, terms and conditions and settlement purposes. Such customer participation shall also require a contract to be entered into between the Company and customer. The terms and conditions described below under the Performance Based Regulation Market (applicable should the Company begin providing Performance Based Regulation Service), shall not be applicable to such contract. The Customer Charge, under this Rider, shall not apply to customers providing Performance Based Regulation via a Regulation Service Provider.

Description: Performance Based Regulation Market is a market-based system for the purchase and sales of the Regulation ancillary service. Performance Based Regulation Market service corrects for short-term changes in electricity use that might affect the stability of the power system. This service helps match generation and load, and adjusts generation output to maintain desired frequency. It is an automatic adjustment of load in response to a PJM dynamic regulation control signal. Participating customers are generally compensated based on both the market clearing prices and on how accurately and quickly they respond to PJM Regulation signals.

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Performance Based Regulation Market Requirements / Implementation

- a. Real-time telemetry (telemetering) required for customers electing to participate under the Regulation Market option. T
- b. The minimum kW offer shall be 100 kW. C
- c. Customer shall be required to submit data information at a time suitable for the Company to manage or facilitate day-ahead and intraday market activities.
- d. Resource owners wishing to sell regulation service must at least supply a cost-based regulation offer. All resources listed as available for regulation with no offer price have their offer prices set to zero.
- e. In the event load is cleared by PJM in the Performance Based Regulation Market, a mandatory response or automatic adjustment of load in response to PJM regulation control signal is required. T
- f. Customers electing this Performance Based Regulation Market option shall decrease load or increase load as directed by the Company within five (5) minutes of notification. T
- g. PJM clears the regulation market simultaneously with the synchronized reserve market, and posts the results no later than 30 minutes prior to the start of the operating hour.
- h. Each participant is required to pre-certify regulation capability prior to participation under this rider and avail itself to periodic testing of capability.
- i. Each participant shall be required to pay the Company's actual costs to set up and test its systems to enable Regulation participation. The Company shall provide the Participant with an itemized invoice.

Performance Based Regulation Market Payment / Credit:

The Company shall provide payment / credit in accordance with PJM Manual 28. T

Regulation Market Non-Compliance Penalty:

In the event the customer fails to adequately follow the PJM Regulation signal, customer may be subject to disqualification and subsequent recertification.

T
T

Regulation Market Qualifications / Eligibility:

The following resources criteria must be met to participate in the Regulation Market:

- Resources must be able to receive an AGC signal.
- Resources must demonstrate minimum performance standards, as set forth in the PJM Manual 12: Balancing Operations, Section 4: Providing Ancillary Services.
- New resources must pass an initial performance test (minimum 75% compliance required).
- Resources must exhibit satisfactory performance on dynamic evaluations.

(Cont'd on Sheet No. 48.6)

ISSUED BY
PAUL CHODAK III
PRESIDENT
FORT WAYNE, INDIANA

EFFECTIVE FOR ELECTRIC SERVICE RENDERED
ON AND AFTER

ISSUED UNDER AUTHORITY OF THE
INDIANA UTILITY REGULATORY COMMISSION
CONFERENCE DATED
30-DAY FILING NO.

**RIDER D.R.S. 3
(Demand Response Service – Ancillary)**

Received On: January 7, 2013
IURC 30-DAY Filing No.: 3094
Indiana Utility Regulatory Commission

(Cont'd from Sheet No. 48.5)

- Resources MW output must be telemetered to the PJM control center in a manner determined to be acceptable by PJM.
- Demand Resources must be able to provide the smallest quantity of MW of Regulation Capability required by PJM, currently 0.1 MW, in order to participate in the Regulation Market.
- Demand Resources must complete initial and continuing training on Regulation and Synchronized Reserve Market as documented in Manual 40: Certification and Training Requirements, Section 2.6: Training Requirements for Demand Response Resources Supplying Regulation and Synchronized Reserve.

C

General Terms and Conditions under Rider DRS-3

Curtailment Credit.

Customers enrolled in Riders D.R.S.-1, D.R.S.-2 and D.R.S.-3 shall only receive a single curtailment credit for energy reduced under one of these three riders. For example, curtailment credits for any energy reduced under the DASR option of Rider D.R.S.-3 are provided under Rider D.R.S.-2.

Settlement.

The credit, for any curtailments during the billing month, will be paid or credited to the participant within 60 days after the end of the billing month in which the curtailment occurred. A customer may request the aggregation of individual customer account credits into a single credit.

Customer Charge.

Participants taking service under this Rider shall pay a monthly customer charge of \$150.00 per account to offset the cost of the customer-related expenses for additional load determination and billing expenses. If a change in metering equipment or functionality is required, participants taking service under this Rider shall pay the additional cost of equipment and installation. The Company will make available to the participant the real time pulse metering data, if requested by the participant, for an additional fee.

Term.

Contracts under this Rider shall be made for an initial period of one (1) year and shall remain in effect thereafter until either party provides to the other at least 30 days' written notice of its intention to discontinue service under the terms of this Rider. A new initial period will not be required for a customer that has previously participated.

C

Special Terms and Conditions.

Individual customer information, including, but not limited to, operational information and Curtailment Options, shall remain confidential.

**ISSUED BY
PAUL CHODAK III
PRESIDENT
FORT WAYNE, INDIANA**

**EFFECTIVE FOR ELECTRIC SERVICE RENDERED
ON AND AFTER**

**ISSUED UNDER AUTHORITY OF THE
INDIANA UTILITY REGULATORY COMMISSION
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30-DAY FILING NO.**

Received On: January 7, 2013 IURC 30-DAY Filing No.: 3094 Indiana Utility Regulatory Commission

**Indiana Michigan Power - Indiana
Costs of Metering Required for Rider D.R.S.1 (Installed)
January 2013**

<u>Item</u>	<u>Cost</u> (\$)
KV2C+ Meter	121.41
Verizon Cellular Board	375.00
T Switch	8.50
E Switch	25.00
R Switch	50.00
K Switch	84.00
Battery	5.00
Labor*	80.38
Total	749.29
Rounded to>	\$750.00

* Labor costs total includes labor and fleet costs of approximately 45 minute trip each way plus meter removal and installation time.

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

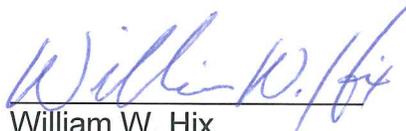
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VERIFIED STATEMENT OF PUBLICATION

William W. Hix, being duly sworn upon oath, deposes and says that:

1. I am a Principal Regulatory Consultant for Indiana Michigan Power Company (I&M).
2. Pursuant to 170 IAC 1-6-5(a), I affirm that affected customers have been notified of I&M's thirty-day filing of a request to make proposed modifications to Riders D.R.S.1 (Demand Response Service-Emergency) and D.R.S.3 (Demand Response Service-Ancillary) as required under 170 IAC 1-6-6.
3. Notification of the thirty-day filing to make proposed modifications to Riders D.R.S.1 (Demand Response Service-Emergency) and D.R.S.3 (Demand Response Service-Ancillary) was made by publication of a Legal Notice in a newspaper of general circulation that has a circulation encompassing the highest number of I&M's customers affected by the filing, and posting the notice on I&M's website.
4. A true and correct copy of I&M's Legal Notice is attached hereto as Exhibit "A".

Date: 1-3-2013


William W. Hix
Principal Regulatory Consultant
Indiana Michigan Power Company

STATE OF INDIANA)
) ss:
COUNTY OF ALLEN)

Subscribed and sworn to before me, a Notary Public, in and for said County and State this 3rd day of January 2013.


Regina M. Sistevaris, Notary Public

I am a resident of Allen County, Indiana.
My commission expires: March 6, 2015

INDIANA UTILITY REGULATORY COMMISSION

Indiana Michigan Power Company (I&M), an Indiana corporation, gives notice that on or before January 4, 2013, it will submit for approval under the Indiana Utility Regulatory Commission's thirty-day filing process proposed modifications to Riders D.R.S.1 (Demand Response Service-Emergency) and D.R.S.3 (Demand Response Service-Ancillary). The proposed modifications will encourage and provide the opportunity for additional I&M customers to participate in demand response under the two riders by lowering curtailment thresholds, better aligning rider provisions with I&M's regional transmission organization guidelines and making performance based regulation a more viable option.

Customers potentially affected by this filing include most commercial and industrial customers located in the I&M service territory. A decision on the proposed modifications to Riders D.R.S.1 and D.R.S.3 is expected from the Indiana Utility Regulatory Commission on or before February 8, 2013. Please direct inquiries to:

Indiana Michigan Power Company
Attn: Director of Regulatory Services
P.O. Box 60

Fort Wayne, IN 46801

Objections to this filing can be made to the following:

Indiana Utility Regulatory Commission

Attn: Commission Secretary

PNC Center

101 West Washington Street

Suite 1500 East

Indianapolis, Indiana 46204

Indiana Office of Utility Consumer Counselor

PNC Center

115 W. Washington Street

Suite 1500 South

Indianapolis, Indiana 46204

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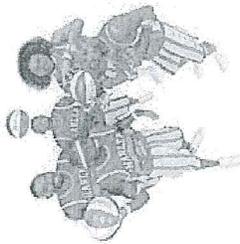
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