

4.5.3.4 Demand Reductions

When [the verified](#) actual Demand Reduction over an hour from a Demand Reduction Provider that is also the LSE providing Energy service to the Demand Side Resource(s) that produced the reduction is less than the Demand Reduction scheduled for that hour, that LSE shall pay a Demand Reduction imbalance charge consisting of the product of: (a) the greater of the Day- Ahead LBMP or the Real-Time LBMP for that hour and (b) the difference between the scheduled Demand Reduction and the [verified](#) actual Demand Reduction in that hour.

When [the verified](#) actual Demand Reduction over an hour from a Demand Reduction Provider that is not the LSE providing Energy service to the Demand Side Resource(s) that produced the reduction is less than the Demand Reduction scheduled over that hour, then (1) the LSE providing Energy service to the Demand Reduction Provider's Demand Side Resource(s) shall pay a Demand Reduction imbalance charge equal to the product of (a) the Day-Ahead LBMP calculated for that hour for the applicable Load bus and (b) the difference between the scheduled Demand Reduction and the [verified](#) actual Demand Reduction at that bus in that hour, and (2) the Demand Reduction Provider will pay an amount equal to (a) the product of (i) the higher of the Day-Ahead LBMP or the Real-Time LBMP calculated for that hour for the applicable Load bus, and (ii) the difference between the scheduled Demand Reduction and the [verified](#) actual Demand Reduction at that bus in that hour, and (b) minus the amount paid by the LSE providing service to the Demand Reduction Provider's Demand Side Resource(s) under (1), above.