Figure 1 and 14

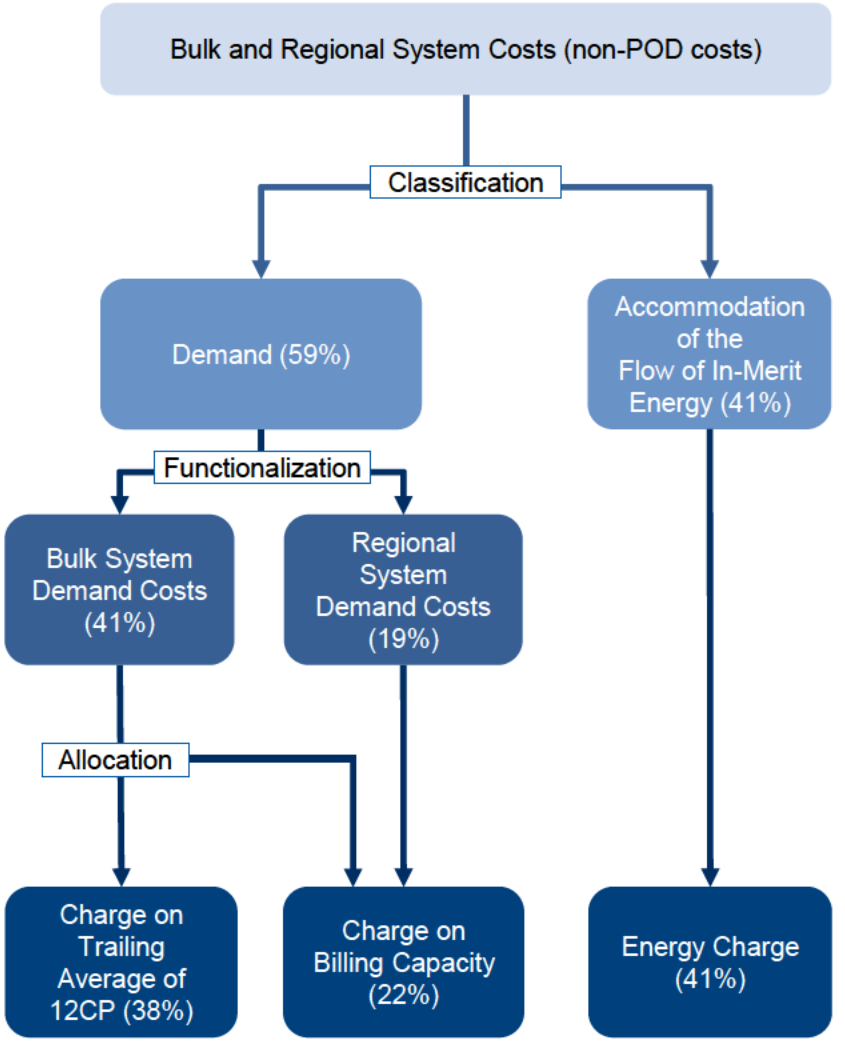
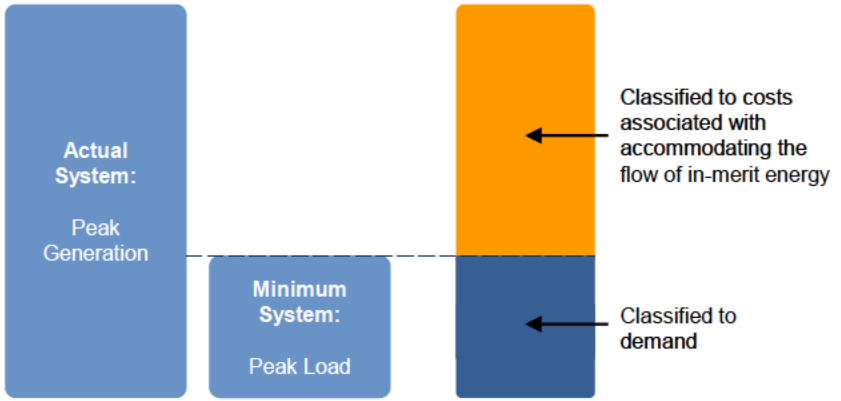


Figure 9

Example A: An area where the minimum system is not large enough to accommodate the flow of in-merit energy: *Classification of costs between demand and those associated with the accommodation of the flow of in-merit energy*

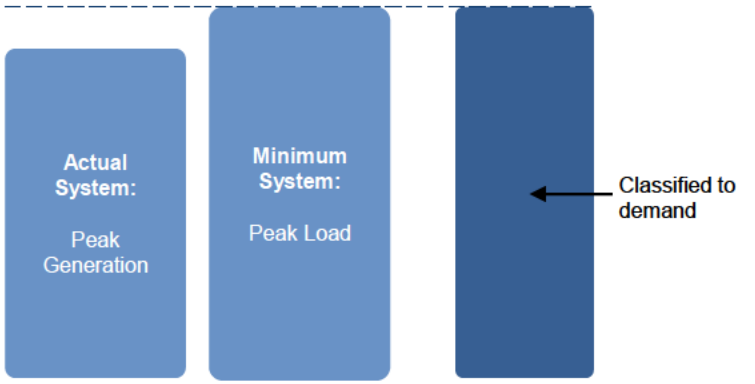


Hour of Ref. Year	Area Load (MW)	Area Generation (MW)
1	25	90
2	30	**100**
3	**35**	90
…	…	…
Area Peak:	**35 MW**	**100 MW**

$$Area\ Minimum\ System\ = Peak\ Area\ Load = 35\ MW$$

$$\begin{aligned} Area\ Actual\ System \\ &= \max(Area\ Minimum\ System, Peak\ Area\ Generation) \\ &= \max(35\ MW, 100\ MW) \\ &= 100\ MW \end{aligned}$$

Example B: An area where the minimum system is large enough to accommodate the flow of in-merit energy: *Classification of all costs to demand*



Hour of Ref. Year	Area Load (MW)	Area Generation (MW)
1	100	90
2	95	**100**
3	**120**	90
…	…	…
Area Peak:	**120 MW**	**100 MW**

$$Area\ Minimum\ System\ = Peak\ Area\ Load = 120\ MW$$

$$\begin{aligned} Area\ Actual\ System \\ &= \max(Area\ Minimum\ System, Peak\ Area\ Generation) \\ &= \max(120\ MW, 100\ MW) \\ &= 120\ MW \end{aligned}$$

Figure 11

Example A: An area where no additional bulk transmission is required to meet non-coincident peak demand: *Allocation of bulk system demand-driven costs to coincident peak demand.*

	Month of Reference Year	Area Load During Hours of System 12CP Conditions (MWh)
	January	90
	February	**100**
	March	90
	…	…
	December	85
A	**Area Peak at Times of 12CP Conditions**	**100 MWh**
B	**Area Peak Consumption in All Hours of Ref. Year**	**100 MWh**
C = B - A	**Additional Transmission Required to Meet Non-Coincident Peak (MW)**	**0 MW**

Example B: An area where additional bulk transmission is required to meet non-coincident peak demand: *Allocation of bulk system demand-driven costs to coincident peak and non-coincident peak demand.*

	Month of Reference Year	Area Load During Hours of System 12CP Conditions (MWh)
	January	40
	February	50
	March	**60**
	…	…
	December	55
A	**Area Peak at Times of 12CP Conditions**	**60 MWh**
B	**Area Peak Consumption in All Hours of Ref. Year**	**70 MWh**
C = B - A	**Additional Transmission Required to Meet Non-Coincident Peak (MW)**	**10 MW**