

Executive Summary – PSE&G Phase 1 EMUSTF Package (H) – updated 11/07/16

PSE&G’s Package G is based on the basic premise that if a resource is providing the marginal MW, the offer of that unit should be reflected in LMP. PSE&G’s Package G proposal is similar to PJM’s Package A and Dominion Energy’s Package H proposals in preserving much of the status quo, with the following exceptions:

| <u>Design Component</u> | <u>Modification</u> |
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| 4a BOR Credit Settlement Calculation | Add an hourly make whole payment for pool scheduled and self-scheduled resources that are dispatched up manually |
| 1 Energy Cost Components Included in LMP | Allow quick start resources to be able to set LMP based upon their full Commitment Cost: marginal energy, start-up and no loads. Currently not included in marginal energy cost. |
| 1c Resources Eligible to Set LMP | Currently, block-loaded resources are typically ineligible to establish a clearing price because they are not “dispatchable” to serve the next MW of load. Some RTOs have taken steps to address this issue by relaxing parameters on these types of resources, allowing the Security Constrained economic Dispatch (“SCED”) to evaluate them as if they operate within a dispatchable range. We support the expansion of unit relaxation rules from 10% to 100%, and allowing units that are manually dispatched to set price |