

Executive Summary – Dominion Phase 1 EMUSTF Package (H)

Dominion’s package H proposal is similar to PJM’s package A proposal in preserving the status quo while making several targeted improvements to the Balancing Operating Reserves and Lost Opportunity Credit constructs.

In summary, Dominion’s package differs from PJM’s package within the following design components:

4a: BOR Credit Settlement Calculation

Dominion is in agreement with PJM’s proposal in most aspects for this design component, however, it does not support netting revenue and/or ignoring losses from “ineligible” hours in the segmented make-whole calculation. It is our belief that all “ineligible” hours should be treated consistently in the segment-based calculation; that is, PJM should either include or ignore all of these hours, regardless of profit or loss.

1c: Which resources are eligible, and under what situations are eligible to set prices

While Dominion is generally supportive of the status quo, our preference is that units running at minimum output for a transmission constraint be eligible to set price, modified such that the impact on LMPs will be localized in nature.

4c: Credits for synchronous condensing

Dominion supports the status quo, however, suggests clarifying that synchronous condensers can only be dispatched for synchronized reserve, post-contingency, or reactive services within the status quo.

5a: LOC for resources scheduled in DA, but not run in real-time credit methodology

Dominion recommends expanding the scope of the status quo to account for the impacts of partial hour CT dispatch in hours with DA award on CT LOC eligibility. Under the current construct, CTs receive zero LOC if a unit is run for only a portion of the hour at the instruction of PJM as a result of having hourly integrated real time output greater than zero but less than the full amount of the DA award. In extreme cases, CTs that synchronize to the grid just before the top of the hour with a DA award at PJM’s instruction to be available for full load operation in the subsequent hour with a DA award become ineligible to collect LOC, creating a strong financial disincentive for CTs to follow PJM dispatch, as the current settlement methodology mostly results in zero payment for partial hour dispatch.