

RMISTF Executive Summary – Dominion Package

November 2016

Dominion's package aligns with the PJM/IMM package by supporting changes to the regulation signal design and MRTS application, and strongly supports the concept of aligning market clearing and settlement. Dominion also agrees with the pay for performance concept and believes that it makes more logical sense to fix the underlying issues with the performance score that artificially increases compensation in lieu of raising minimum scoring thresholds. After the underlying problems with performance scoring have been fixed, we are open to the prospect of raising thresholds, if it can be demonstrated through data that unit compensation and performance are not properly aligned.

To summarize, Dominion's package differs from the PJM/IMM package within the following design components:

16: Components of performance scoring and weighting:

We disagree with the introduction of a new scoring threshold at 75% precision score. We believe the existing scoring issues are largely due to inclusion of accuracy and delay scoring mechanisms and that transitioning to precision only will make the overall scores more reflective of the actual performance. Therefore we suggest that the accuracy and delay calculations be removed and performance score = precision score.

16A Accuracy Calculation:

We suggest the accuracy calculation be removed and that performance score = precision score.

16B: Delay Calculation:

We suggest the delay calculation be removed and that performance score = precision score.

16C: Precision Calculation:

The current precision scoring methodology could unduly punish resources that are not precisely following very small signals. We therefore suggest changing the denominator in the precision calculation to an average of regulation award and absolute average hourly signal.

17: Minimum allowable participation threshold:

We support pay for performance and at this time don't support raising the resource disqualification threshold to 75% (Status Quo is 40%), given that precision only scoring is an accurate reflection of resource performance. Moreover, we believe the elimination or reduction of performance thresholds will increase supply and decrease LSE costs to the extent that more resources will be eligible to participate in the market. Finally, the threshold for assessing minimum performance may be difficult to accurately determine at this time given the simultaneous complex changes occurring in the market that could impact resource performance (e.g. new regulation signals).

20: Settlement components:

We understand that when intra-hour regulation de-assignment is made, this is a manual process done by the PJM operator and unless they follow through with correctly making changes in their system, this sometimes affects both settlement and scoring. In addition to Status quo, we would like to add + **an Automated PJM process for Intra-hour assignment/de-assignment of MW to correctly calculate credits and scores.**