

RMISTF Executive Summary – Dominion Package

September 2016

Dominion's package aligns with the PJM/IMM package by supporting changes to the regulation signal design and benefits factor application, and strongly supports the concept 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:

14: Qualification Testing:

We agree that qualification testing should remain status quo, but disagree that uprate testing can only occur once per quarter and suggest changing this to once per month. Resources should not be this limited to only perform an uprate test once per quarter.

16: Components of performance scoring and weighting:

We disagree with the introduction of a new scoring threshold at 75% precision score, below which the overall score will suddenly experience a big drop off. We believe the existing scoring issues are largely due to the delay scoring methodology and fixing that will make the overall scores more reflective of the actual performance.

16B: Delay Calculation:

The current delay scoring mechanism does not properly align performance with compensation. A resource that provides no response can potentially earn a 33% performance score. This occurs because resources automatically receive a minimum 100% delay score when accuracy and precision scores are zero. To cure this problem, we propose that in order for a unit to qualify for a delay score greater than 0%, the unit must have an accuracy score of 25% or greater in the first performance score measurement interval (time shift=0, i.e. the response to signal correlation is greater than 25% during the sampling period). We are also open to other solutions such as elimination of delay score altogether.

17: Minimum allowable participation threshold:

We support Pay for Performance and at this time don't see the need for raising the resource disqualification threshold to 75%. We believe that raising the scoring threshold at the same time scoring formulas and signal design are changing isn't reasonable, as what could be deemed as "good" performance may change due to the formula and signal changes.

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.**