

Energy Price Formation

Compromise Proposal

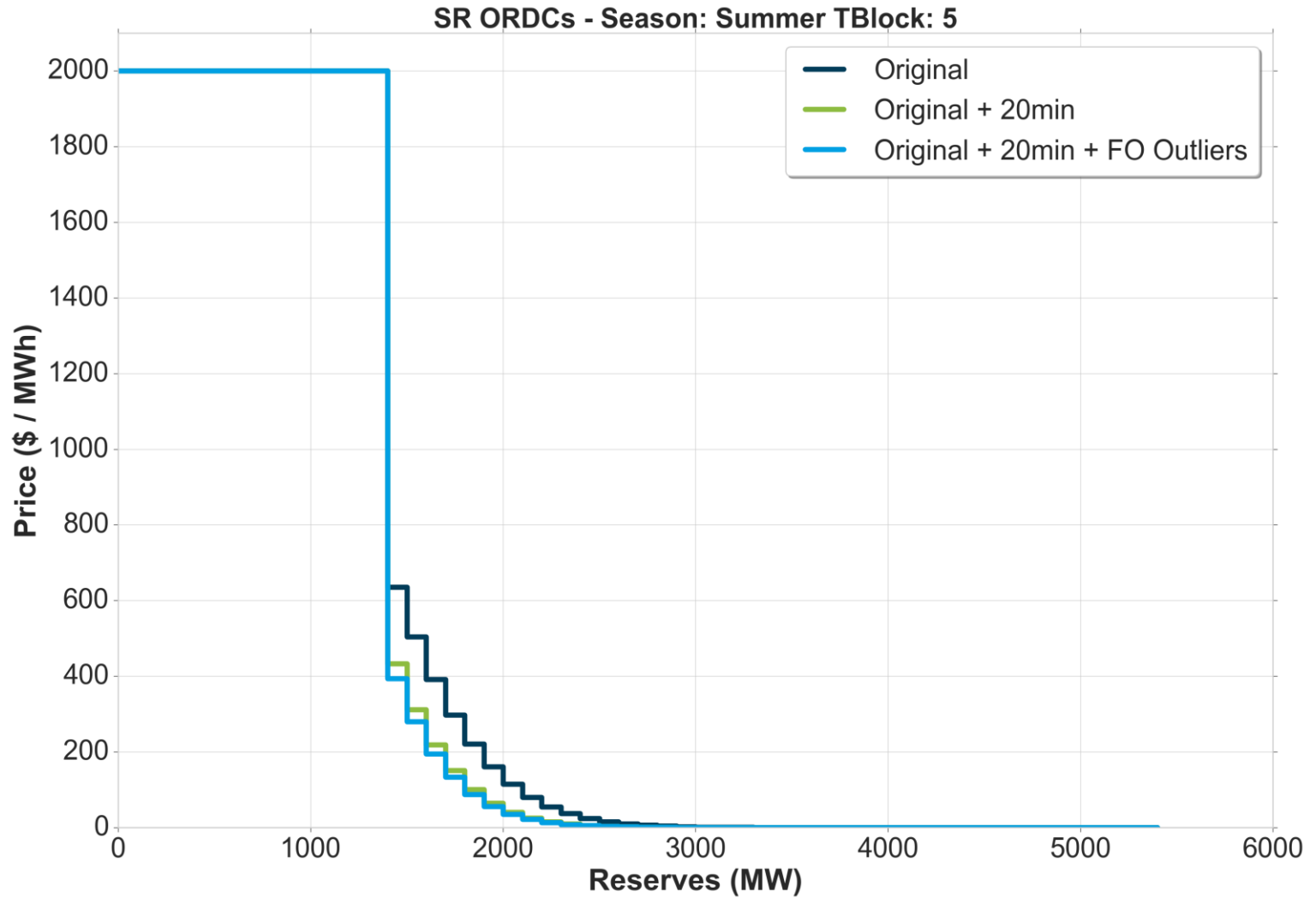
Vistra Proposal

- The alternative proposal is identical to the PJM proposal except
 - The E&AS offset is not adjusted
 - The final penalty factor used is \$1,000/MWh for all products on all days except those where a Hot or Cold Weather Alert is issued. On those days, \$2,000/MWh will be used for all products.
- The alternative proposal will be implemented in a phased approach.
 - For the first two years following FERC approval \$850/MWh will be used for all products in all hours.
 - In year three forward either \$1,000/MWh or \$2,000/MWh will be used.

PJM + Vistra + Additional Items

- Elimination of Capacity Transition Plan (In RPM, No E&AS adjustment based on simulations or projections)
- 20 minute instead of 30 minute time horizon included in the ORDC error distribution upon which ORDC probabilities are calculated
- Forced outage risk assumption - removed about 30 outlier units from the calculation of ORDC curves.
- Cap nested reserve pricing at \$4,000/MWh
- DR Participation in Sync Reserve Market – up to 50% subject to reliability considerations

Summer TBlock 5



Requested Action

- Members Committee consideration and vote on proposal
- If approved, MRC/MC review of proposed Tariff and Operating Agreement revisions Prior to filing at FERC