

RMISTF Executive Summary – Dominion Package

July 19, 2016

Dominion's package aligns with the PJM/IMM package by supporting changes to 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 performance score that artificially increase compensation in lieu of raising minimum scoring thresholds. After the underlying problems with performance score 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:

10: Effective MW Calculation:

While we do not disagree with the concept of deriving effective MW from the area under the MRTS, we suggest that PJM maintain reasonable consistency between the MW increments used to derive the MRTS curve and the minimum market offer increments (which are currently 0.1 MW).

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, 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).