# Underperformance Risk Management Non-Binding Polling Results

Underperformance Risk Management Senior Task Force

September 19, 2016

- Purpose of the poll was to quantify support for the various options and packages for the Underperformance Risk Management Matrix

- 237 responses received, representing 58 voting members

- Poll Format
  - Requested feedback for support for design components options that differed between packages
  - Requested feedback regarding specific packages:
    - Support vs. Non-Support of packages
   - Alignment with URMSTF Charter and CP performance incentives

12: If you had to vote right now, which package would you vote for? You have 6 points to allocate across your preferences. You may choose to allocate all points to just one choice, or, to distribute the 6 points across all of the packages listed. Should you allocate more than 6 points across your preferences, your response will be disqualified.

Distribution of Points Assigned
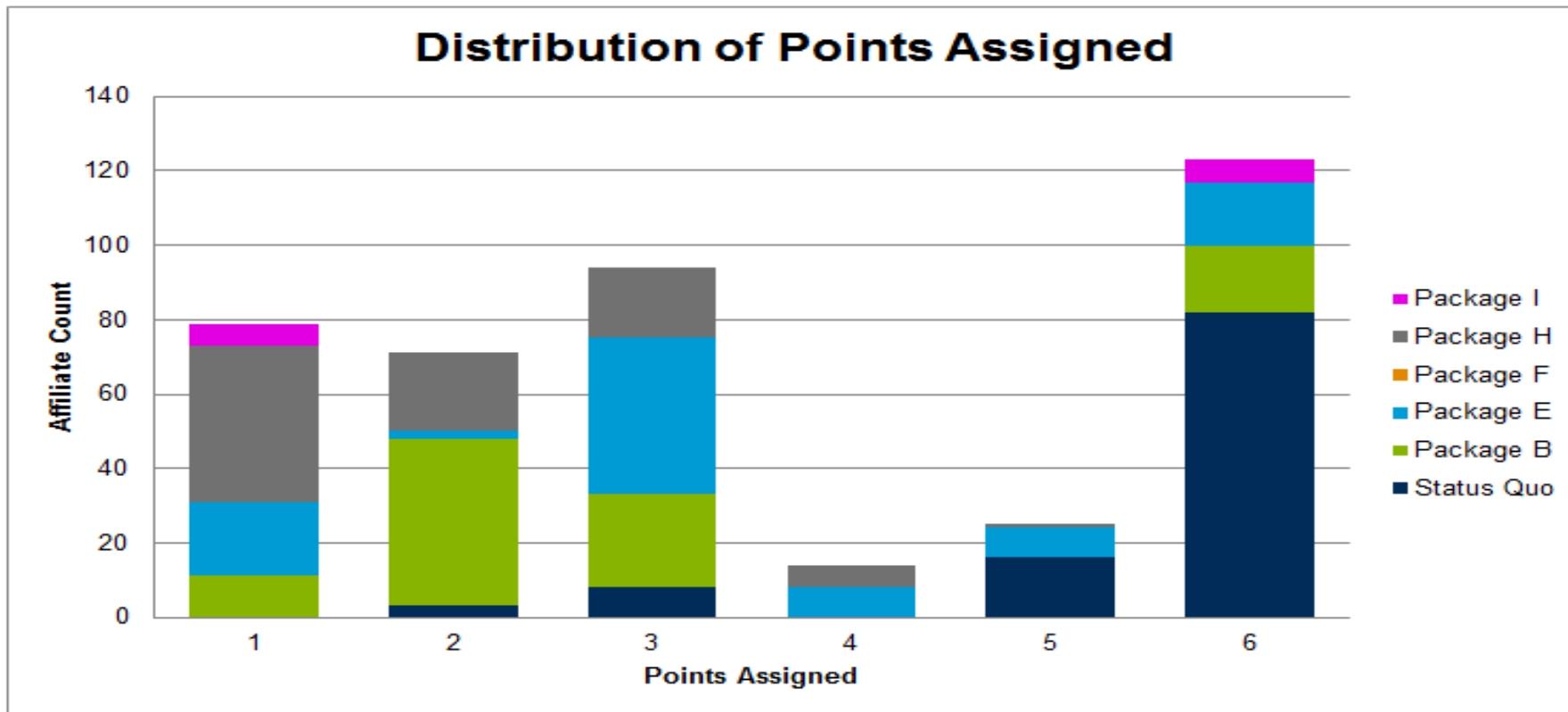
Status Quo

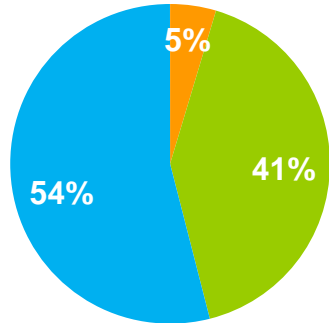■ 1 - 3 Points   ■ 4 - 6 Points   ■ 0 Points
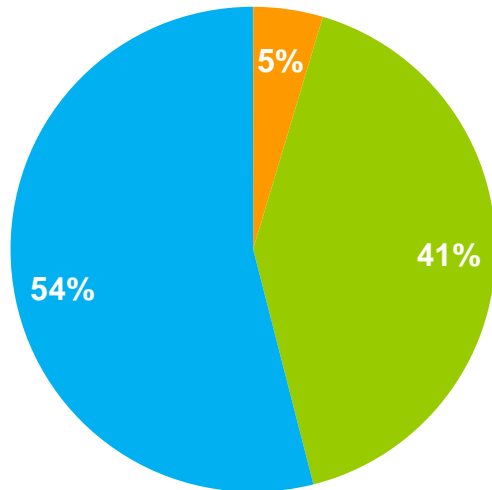
This graph shows that 54% of points were not assigned to Status Quo. However, 41% of points assigned to Status Quo were either 4, 5 or 6 points.

- The following slide provides the package summary
- This is an explanation of how to read the graph

- Points were grouped together if an affiliate assigned1, 2 or 3 points for the package; 4, 5 or 6 points for the package or 0 points
    - 0 points means that an affiliate did not assign any points towards that package
    - Grouping was done to show medium vs. strong support
    - Detail breakdown of affiliate votes per point follow the summary slide

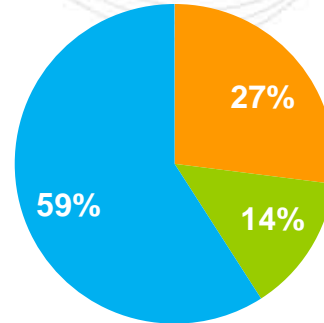- Percentages are based on the total affiliates that submitted votes (237)

Status Quo

■ 1 - 3 Points ■ 4 - 6 Points ■ 0 Points

Points	Affiliate Count
0	128
1 - 3	11
4 - 6	98

5%
41%
54%

Package E

■ 1 - 3 Points ■ 4 - 6 Points ■ 0 Points

Points	Affiliate Count
0	140
1 - 3	64
4 - 6	33

27%
14%
59%

Package H

■ 1 - 3 Points ■ 4 - 6 Points ■ 0 Points
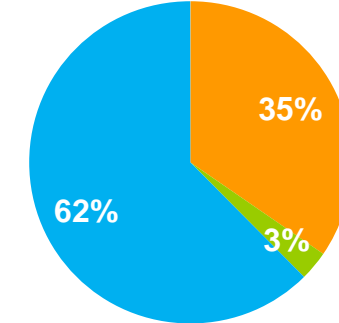
Points	Affiliate Count
0	148
1 - 3	82
4 - 6	7

35%
3%
62%

Package B

■ 1 - 3 Points ■ 4 - 6 Points ■ 0 Points
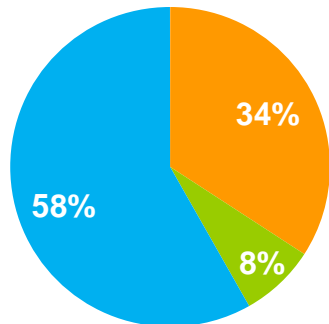
Points	Affiliate Count
0	138
1 - 3	81
4 - 6	18

34%
8%
58%

Package F

■ 1 - 3 Points ■ 4 - 6 Points ■ 0 Points
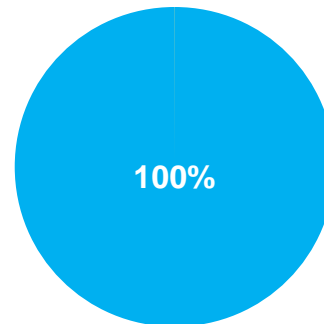
Points	Affiliate Count
0	237
1 - 3	0
4 - 6	0

100%

Package I

■ 1 - 3 Points ■ 4 - 6 Points ■ 0 Points
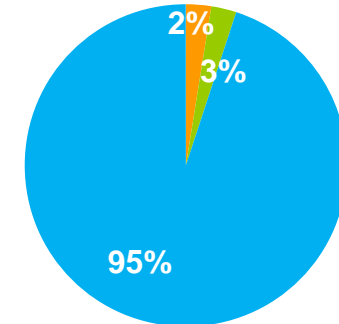
Points	Affiliate Count
0	225
1 - 3	6
4 - 6	6

2%
3%
95%

	0	1	2	3	1-3	4	5	6	4-6
Status Quo	128	0	3	8	11	0	16	82	98
Package B	138	11	45	25	81	0	0	18	18
Package E	140	20	2	42	64	8	8	17	33
Package F	237	0	0	0	0	0	0	0	0
Package H	148	42	21	19	82	6	1	0	7
Package I	225	6	0	0	6	0	0	6	6

Total Points Assigned

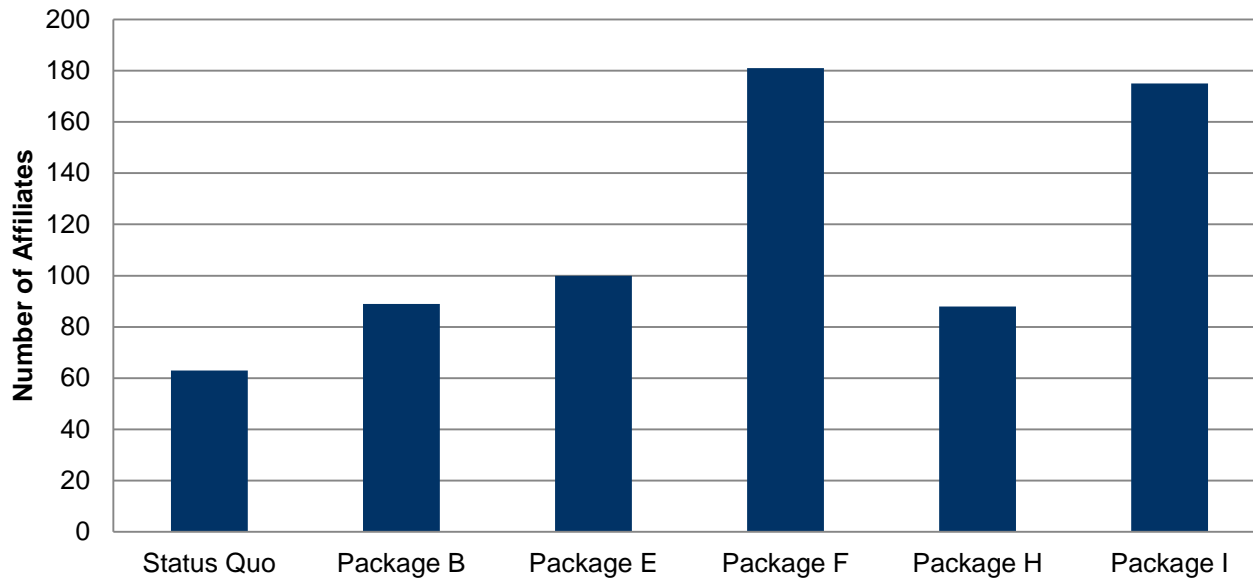|	Status Quo	Package B	Package E	Package F	Package H	Package I
■ Total Points	602	284	324	0	170	42
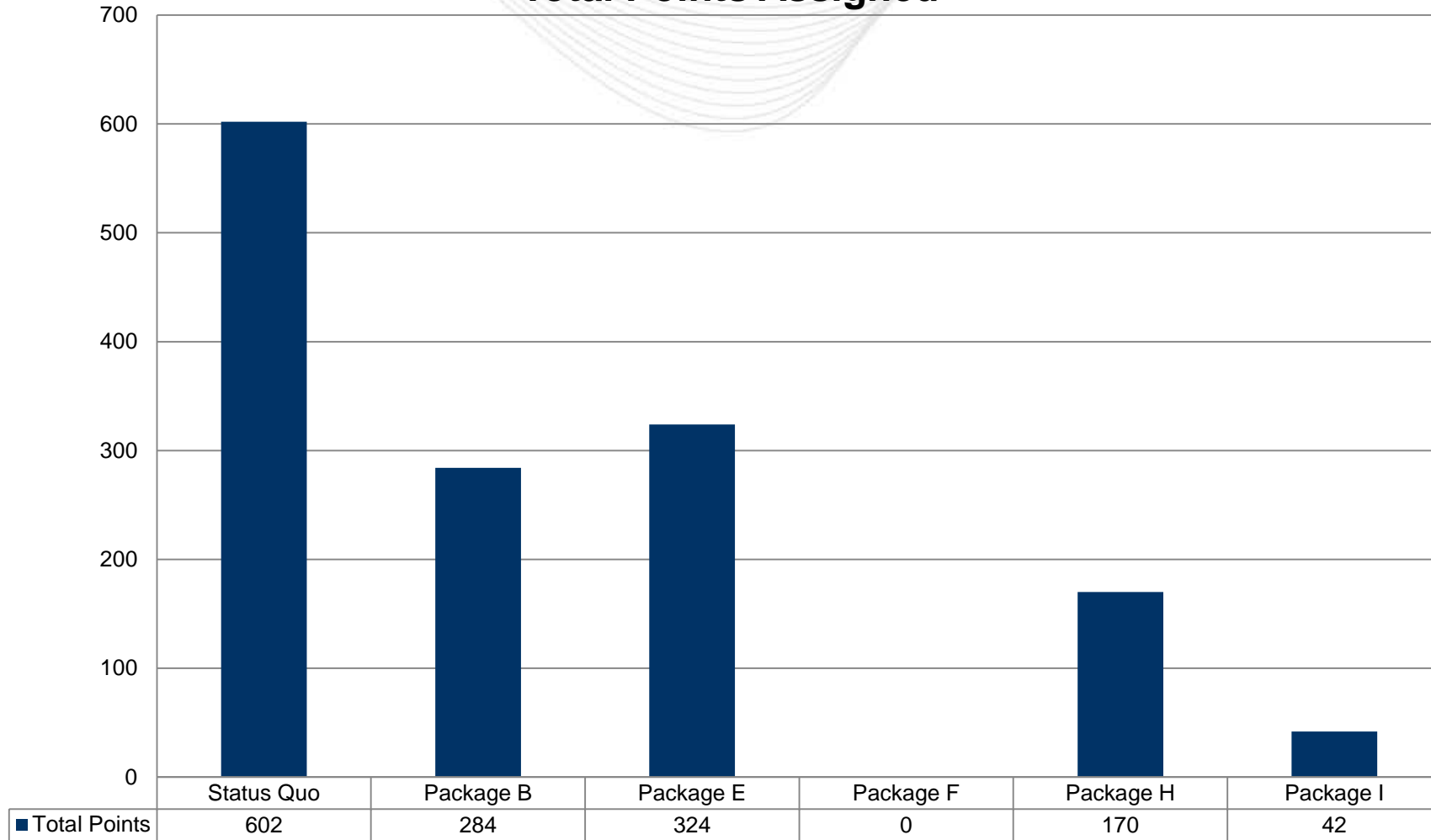
Percent of Total Points Assigned
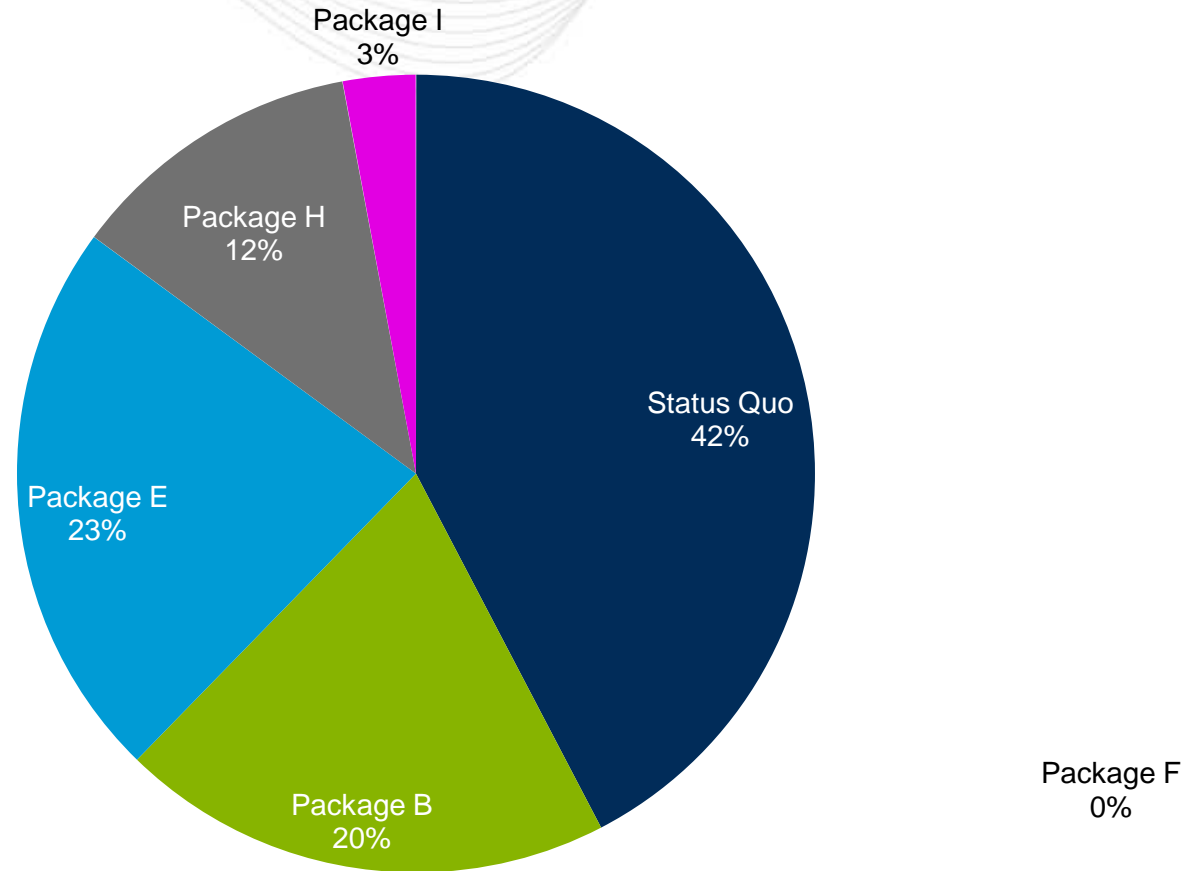
13. Is there a package (or packages) currently under discussion that you cannot support? Please select all that apply.
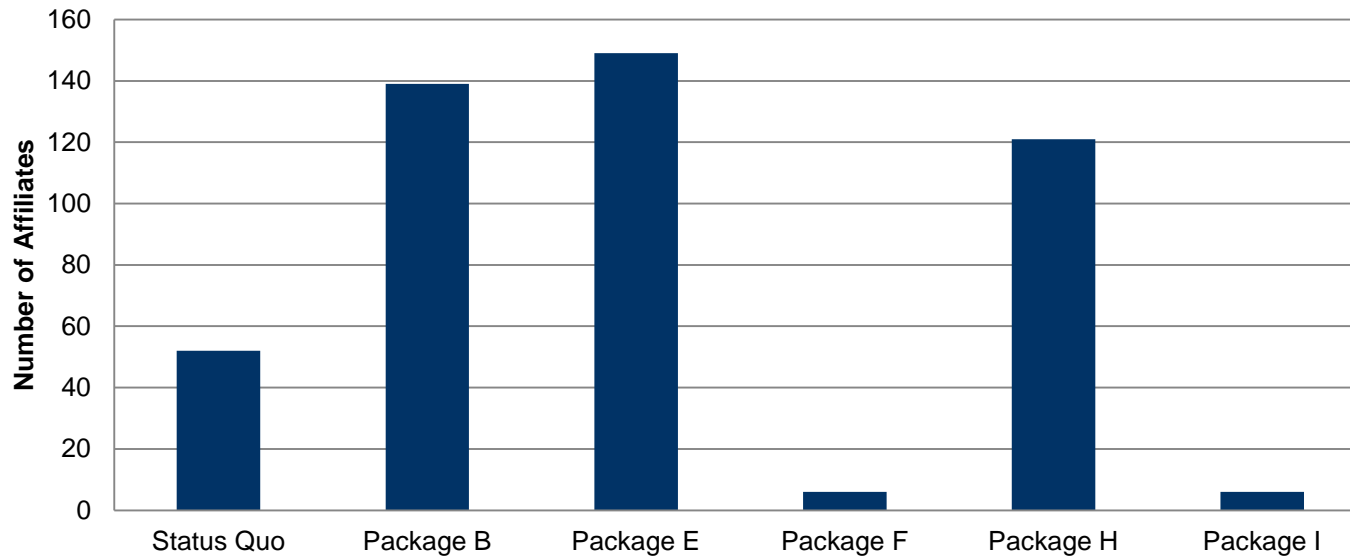
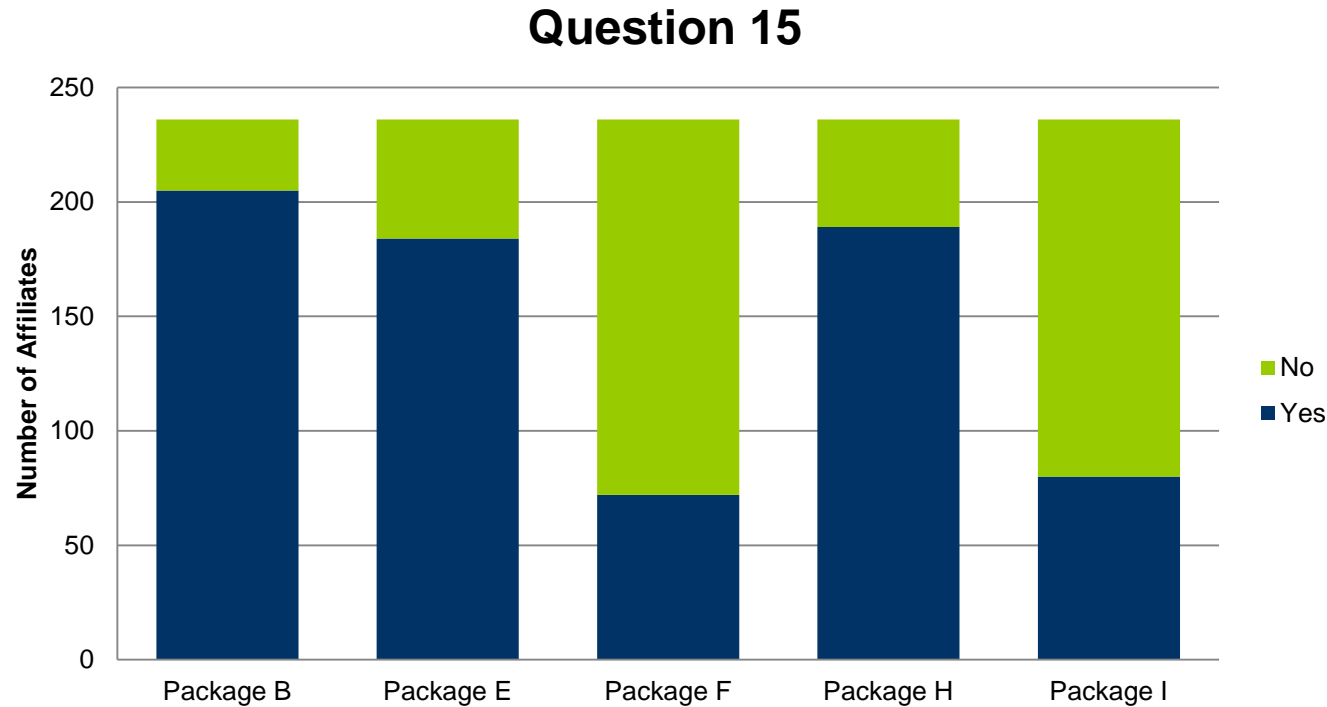**Packages that Cannot Be Supported**

14. What package(s) do you feel improves a supplier's ability manage the risk of underperformance during CP Compliance Hours? Please select all that apply.

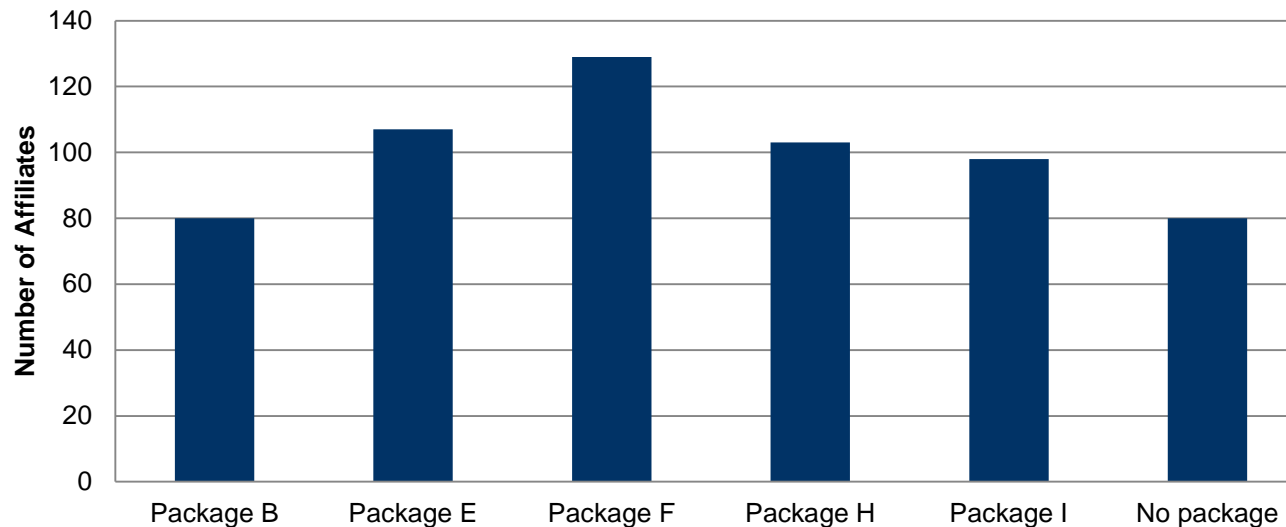**Improving a Supplier's Risk of Underperformance**

15. Do you believe the packages are in support of the charter?


Question 15

16. Do you believe any of the proposed packages undermine the performance incentives Capacity Performance introduced? Please select all that apply.

**Do any packages undermine CP Performance Incentives?**

1. Do you support updating the Non Performance Charge Rate calculation to use a factor of the BRA Resource Clearing Price? Currently, it is based on the Net CONE of the modeled LDA in which the resource resides.

Question #1
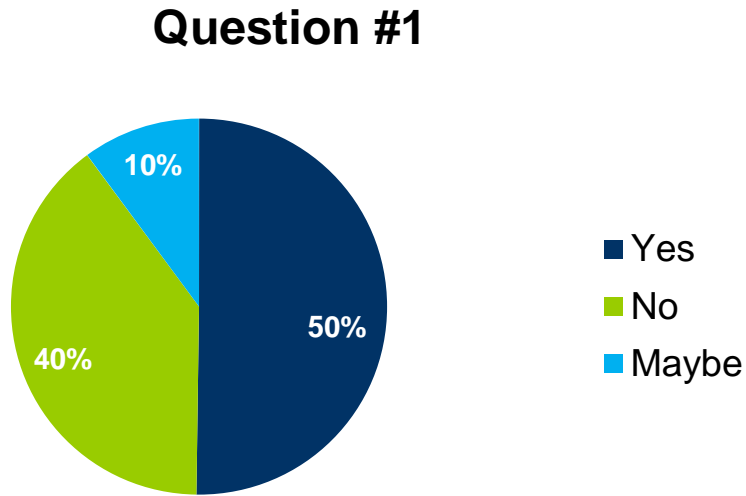
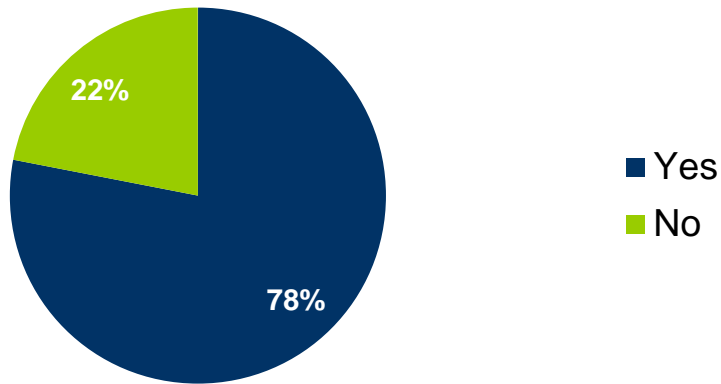|	Count	% of Total Responses
Yes	119	50%
No	94	40%
Maybe	24	10%

2. Do you support changing the default allocation procedure for Non-Performance Assessment Charges to follow the standard PJM default procedure? Currently, if Members default on a bill containing Non-Performance Assessment Charges, PJM will decrease the amount of Bonus Credits paid to over-performing resources through an after the fact adjustment.

Question #2

- Yes
- No
- Maybe
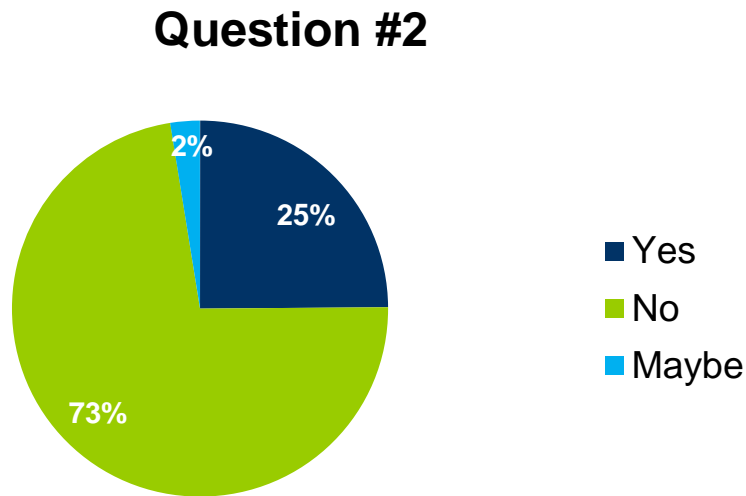
	Count	% of Total Responses
Yes	59	25%
No	172	73%
Maybe	6	3%

3. Do you support expanding the hours that CP DR and CP EE resources are exposed to Non-Performance Assessments to 8,760?
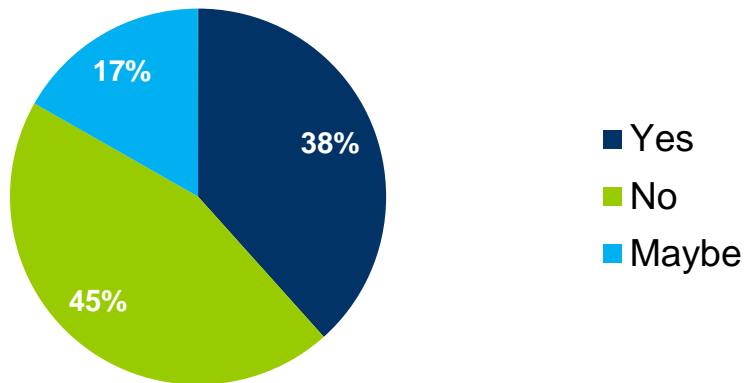
Question #3

	Count	**% of Total Responses**
Yes	185	78%
No	52	22%

- Yes
- No

22%

78%

3a. If Yes to Question 3 - If CP DR is exposed to Non-Performance Assessments throughout the year (i.e. remove time restrictions noted in Status Quo of Design Component #9), do you support applying the Balancing Ratio to the calculated Expected Performance for CP DR?
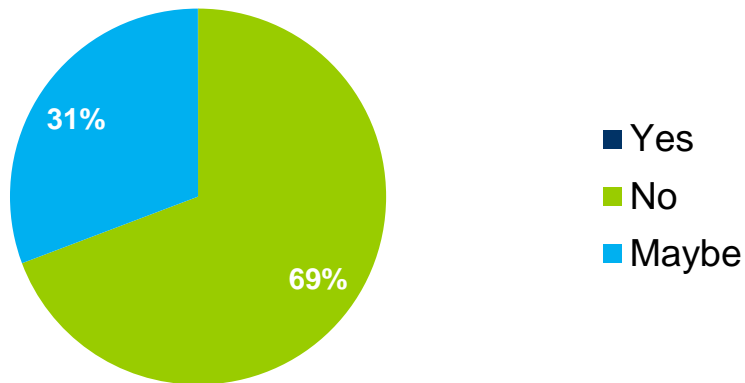
Question #3A

- Yes
- No
- Maybe

	Count	% of Total Responses
Yes	71	38%
No	83	45%
Maybe	31	17%

3a1. If No to Question 3 - Do you support preventing CP DR or CP EE from replacing CP generation?

Question #3A1

	Count	% of Total Responses
Yes	0	0%
No	36	69%
Maybe	16	31%

4. Do you support eliminating retroactive replacement transactions?

Question #4

- ■ Yes
- ■ No
- ■ Maybe
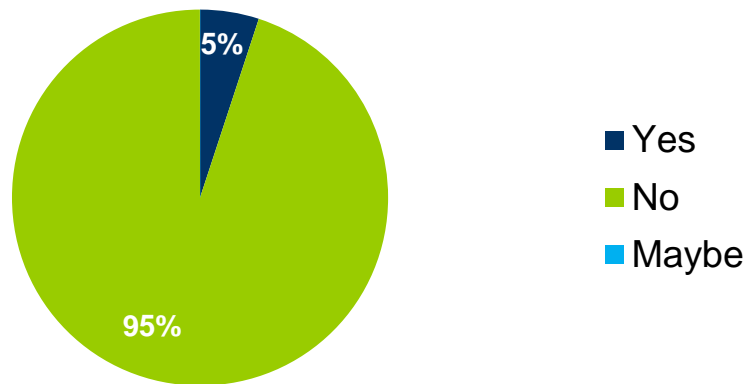
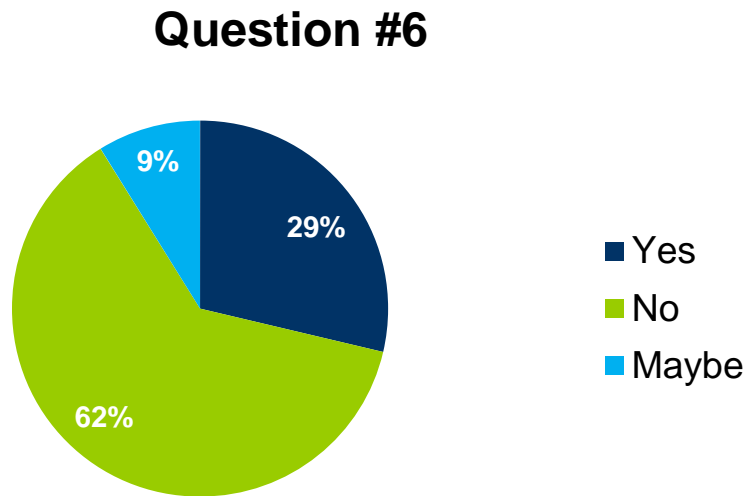|	Count	% of Total Responses
Yes	12	5%
No	225	95%
Maybe	0	0%

5. Do you support changing the timing of the reporting of retroactive replacement transactions to PJM from three (3) business days following a Performance Assessment Hour to three (3) business days following the posting of the Balancing Ratio used in the first PJM invoice issued containing the settlement of the subject Non-Performance Assessment (i.e. 3 months after the Performance Assessment Hour)? This would effectively extend the reporting of the transaction by 3 months.

Question #5
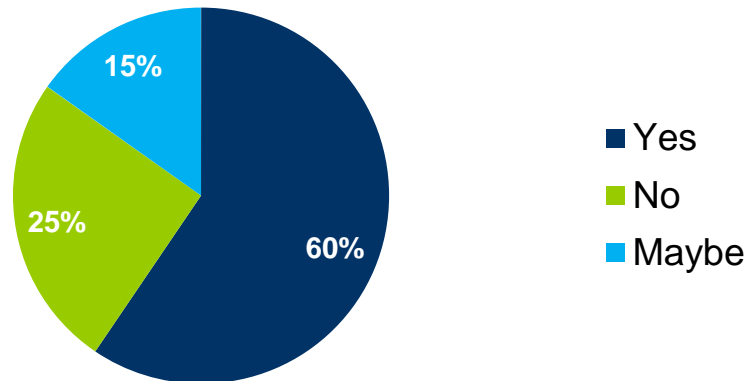
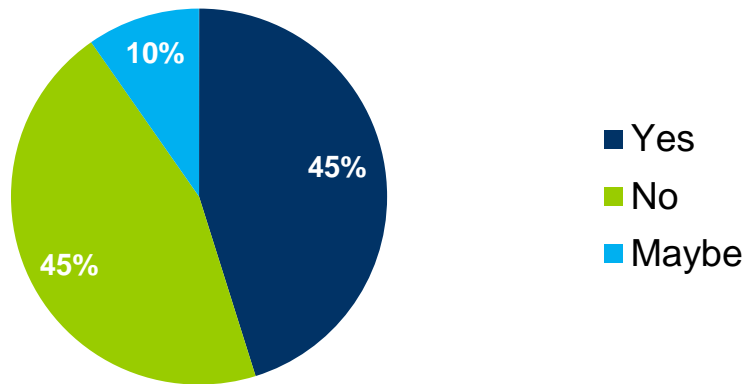|	Count	% of Total Responses
Yes	141	59%
No	60	25%
Maybe	36	15%

6. Do you support preventing External Capacity Performance Resources from being used to replace an internal Capacity Resource, even if the internal Capacity Resource is located in the same Performance Assessment Area?

Question #6

	Count	% of Total Responses
Yes	68	29%
No	148	62%
Maybe	21	9%

7. Do you support retroactive bilateral transfers of Over performance MW between Market Participants? Such netting may reduce the total Non-Performance Assessments thereby reducing the Bonus Payments distributed.

Question #7

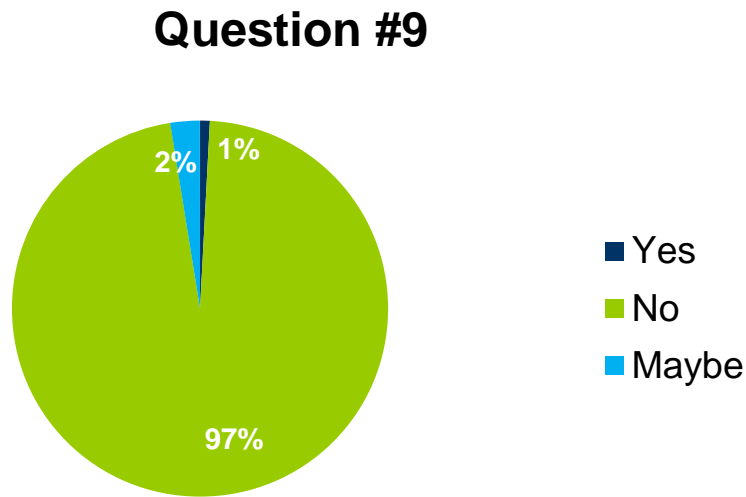|	Count	% of Total Responses
Yes	107	45%
No	107	45%
Maybe	23	10%

8. Do you support allowing Unit Specific Transactions for Available Capacity (uncommitted capacity) to be reported retroactively to PJM up to three (3) business days following a Performance Assessment Hour? Such transactions would transfer Available Capacity (uncommitted capacity) between Market Participants allowing the buyer of the transaction to submit a retroactive replacement transaction to reduce the obligation of a committed capacity resource up to three (3) business days after a Performance Assessment Hour. This would eliminate the requirement to have capacity in the same account on the day of the Performance Assessment Hour.

Question #8
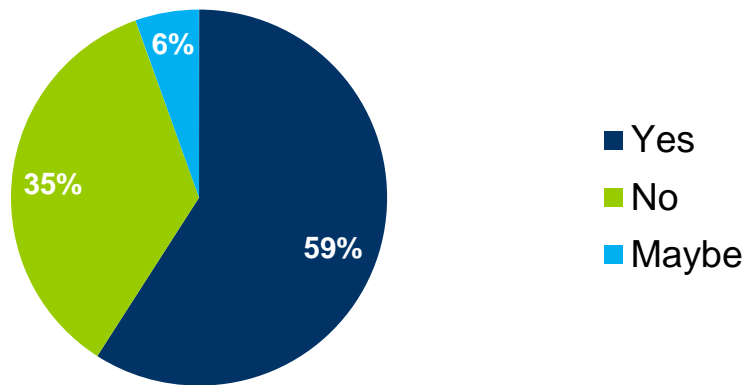
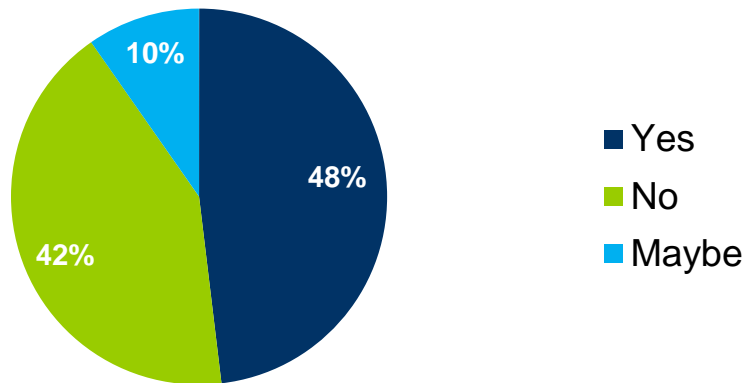|	Count	% of Total Responses
Yes	140	59%
No	84	35%
Maybe	13	5%

9. Do you support removing PJM approved Generator Planned or Generator Maintenance Outages in the calculation of Exempt MW? Currently, PJM approved Generator Planned or Generator Maintenance Outages are factored in the calculation of Exempt MW which decreases the magnitude of a Performance Shortfall due to underperformance.

Question #9

	Count	% of Total Responses
Yes	2	1%
No	229	97%
Maybe	6	3%

10. Do you support adding the involuntary load shed amount (excluding Demand Response) back into the numerator of the Balancing Ratio?
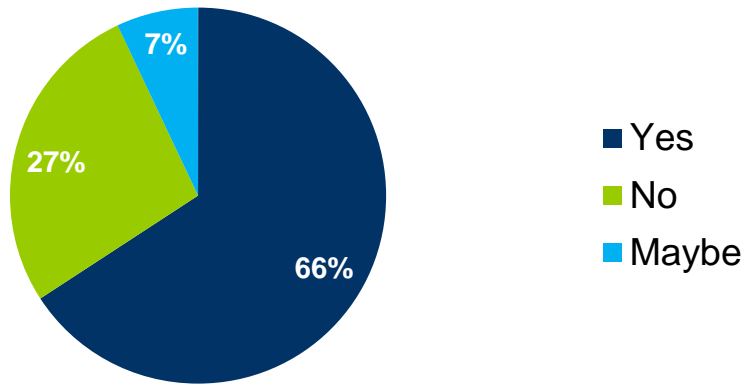
Question #10

	Count	% of Total Responses
Yes	114	48%
No	100	42%
Maybe	23	10%

10a. If Yes to Question 10 - Do you support allocating Non-Performance Charges to the shed load and any Bonus Performance?
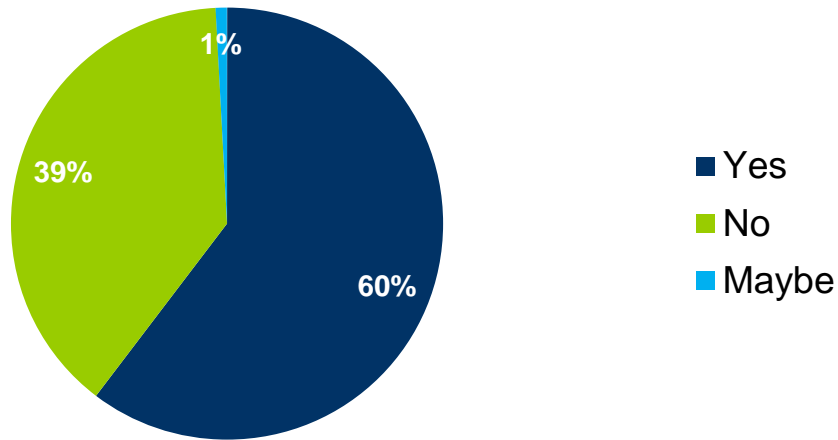
Question #10A

	Count	% of Total Responses
Yes	75	66%
No	31	27%
Maybe	8	7%

11. Do you support adding a monthly Stop Loss to be used in the billing of Non-Performance Assessments?

Question #11

	Count	% of Total Responses
Yes	143	60%
No	92	39%
Maybe	2	1%

- Package Narrowing
- Package Sponsors provide updates to package options by Friday, October 7
- Look to Issue Vote after next meeting: Wednesday, October 13