The Dominion package is essentially the same as package G with the exception of regional allocation of operating reserve charges, which would change to affected zone(s) in our proposal.

As we stated in the phase 1 effort, we would prefer that Day Ahead Operating Reserve not be eliminated. However, the phase 2 package we submitted is based upon the fact that elimination of DAOR seemed to have much support during phase 1 and the fact that the charter’s mission spoke of trying to reduce uplift.

The package we submitted would replace the current regional BOR allocation with one that allocates charges to an affected zone or zones. While our package uses 500 kV as the threshold for determining whether allocation is RTO or zonal, we are aware that, in some PJM processes double-circuit 345 kV is considered the equivalent of 500 kV. While we are somewhat indifferent as to which threshold is used, we believe better metrics could be developed if we use the same threshold throughout the various PJM processes. We agree with those who advocate more transparency especially relative to identifying the constraint or constraints that cause ‘out of merit’ dispatch of generators. To the extent that cause(s) can be identified, we could support a RTEP process for evaluating transmission solutions similar in concept to the current market efficiency process.

Our package would allocate a portion of balancing operating reserve charges to UTCs. While these transactions do offset in quantity, the fact that they are occur at different nodes means they contribute to uplift when dispatch differs during the Operating Day from that in the Day Ahead.

Our package also modifies the current netting methodology applied to generators to allow full netting of deviations under scenarios where a resource that is replacing another is following PJM dispatch instructions. The intent of this proposal is to allow a generator the ability to hedge
against being short during the Operating Day without being allocated a portion of balancing operating reserve charges if it is following PJM instructions.