



Black Start Working Group

**Mirant
Proposed Corrections**

October 20, 2009

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Issues



- Formula Rate – Clarify Capacity Definition
- Formula Rate - Automatic Annual Updates
- CIP Costs – Additive To Existing Rates
- Restore 2 Year Rolling Commitment Periods
- Eliminate Accelerated CRF Refund for FERC rates

Mirant's Proposal



- Formula Rate

Under Schedule 6A – Paragraph 18

- Fixed BSSC is based on
 - $CONE * 365 * \text{Black Start Unit Capacity} * X$
- Black Start Unit Capacity definition clarification required
 - Change term to Black Start Unit Rating
 - Define Black Start Unit Rating As ... Net MW output of the black start unit deliverable for black start service as documented by the owner.

Mirant's Proposal



- Automated Formula Rate Adjustments

Under Schedule 6A – Paragraph 18

- Fixed BSSC is based on
 - $\text{CONE} * 365 * \text{Black Start Unit Capacity} * X$
- CONE changes annually on June 1st.
- PJM should automatically recalculate the CONE adjustment and apply the new rates effective June 1st.
- PJM should notify the unit owners of the new rate by May 1st.
(Notice to the MC representative)

Mirant's Proposal



- CIP Costs – Additive To Existing Rates
 - The historic Fixed BSSC rate does not include the incremental costs of CIP compliance.
 - CRF based recovery rates established prior to NERC CIP requirements do not include the incremental costs of CIP compliance.
 - Make CIP compliance costs additive to either the Fixed BSSC or CRF rates as follows ...
 - Additive for CRF rates where CIP costs are not included in the CRF rate.
 - Additive for all Fixed BSSC rates.
 - Additional incremental CIP capital costs from year to year are additive.

Mirant's Proposal



- 2 Year Rolling Commitments
 - Restore the 2 year commitment period for all black start units being compensated under BSSC, CRF or FERC approved recovery rates.
 - Units that withdraw from black start service prior to fulfilling their full CRF term will forfeit any unpaid CRF payments.

Mirant's Proposal



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- Eliminate Accelerated CRF Refund for FERC rates
 - FERC should evaluate the CRF rate structure based on the black start rules which applies a 2 year rolling commitment.

Conclusion



Questions ?