



# **Black Start Working Group**

February 16, 2010

Hal Siegrist

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

# Clarify Term – Formula Rate



- Formula Rate

*Under Schedule 6A – Paragraph 18*

- Fixed BSSC is based on
  - $\text{CONE} * 365 * \text{Black Start Unit Capacity} * X$
- 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.

# Automate – Annual Updates



- 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 1<sup>st</sup>.

- PJM should automatically recalculate the Formula Rate by automatically applying the appropriate CONE value for the unit's location effective June 1<sup>st</sup>.

- PJM should notify the unit owners of the new rate by May 1<sup>st</sup>.

*(Notice to the MC representative)*

# CIP Costs - Additive



- 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 both 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.

# Maintain 2 Year Commitment



- 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.

# Respect FERC Approved Rates



- Eliminate Accelerated CRF Refund for FERC rates
  - FERC should evaluate the CRF rate structure filing based on the black start rules which applies a 2 year rolling commitment.
  - Any FERC approved recovery rate structure should stand without a refund provision in the PJM Tariff.
  - A unit that does not continue Black Start Service before completing its CRF period will forfeit forward CRF recovery.

# Appropriate CRF Period For CIP



- Develop CRF rate tables specific for CIP compliance costs.
  - The single CRF table in the Black Start rules based on the age of the unit is inappropriate for CIP costs.
  - CIP CRF rates should be based on the expected life of the CIP capital investment installed and not the age of the unit. Typical CIP costs could include ....
    - Physical Security
    - Software (Firewalls)
    - Hardware (Access Monitoring / Control / Communications Links)
  - CIP CRF rates should be based on a 5 year recovery period.

# Conclusion

---



Questions ?