

Black Start Service Working Group

Automated Formula Rate Adjustment Process

Revision 0, 3/24/10

Automated Formula Rate Adjustments

1. Resources that use Schedule 6A Paragraph 18 (the Formula Rate) will have *cost components* on file with PJM for each black start critical resource.
 - a. The formula rate is composed of 4 parts: Fixed, Variable, Training, and Fuel Storage
 - b. Fixed BSSC is defined as $[CONE] * [365] * [Black\ Start\ Unit\ Capacity] * [X]$
 - c. [CONE] is a \$/day variable, adjusted once per year each June by the RPM auction
 - d. Variable BSSC is O & M adjusted by a scalar, and should remain constant. Adjustments can be made by resubmitting cost components.
 - e. Training BSSC is \$3750 / plant / year, and remains constant. This quantity is fixed in the tariff.
 - f. Fuel Storage BSSC only applies to oil fueled resources, and should remain constant. Adjustments can be made by resubmitting cost components.
2. PJM staff will recalculate the annual formula rates in May, effective June.
 - a. This PJM recalculation will not count towards the once-per-year cost submittal limit defined in the black start business rules.
 - b. PJM staff will notify the generator owners of the new cost totals each May.

Preparation for Adjustment 2010

1. PJM staff does not have cost components on file for resources that joined the black start service in December 2002.
 - a. PJM has the original files for all resources with cost submittals made after Dec 2009. This includes all market integration companies (AP, COMED, AEP, DAY, DUQ), and entities in MIDATL that submitted new costs.
 - b. PJM will communicate with the generator owners as to which resources require cost component resubmissions.
 - c. Any cost submittals that are received prior to May 2010 will not count towards the annual submittal limit