

MMU Position on Black Start Service Cost Recovery Issues

Black Start Service Task Force
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Original Proposal

- **The MMU objected to the original proposal as unnecessary: The current rules provide an incentive rate for legacy BSS providers and a cost of service rate for service requiring significant investment**
- **No new information requires adding costs to legacy rates**
- **Piecemeal ratemaking is inappropriate**



Amended Proposal

- **Generators raise an issue about the expense of documenting costs for smaller units, whose recovery for black start costs is small relative to the costs associated with documentation. They claim that information has been lost during the industry's recent transition**
- **Load and the generators have discussed including for smaller capacity units, diesels and CTs up to 50 MW and hydro units up to 100 MW, a rule permitting the use of a proxy for undocumented costs, based on a formula similar to that used in calculating the incentive rate**
- **Load and the generators have also agreed to permit load representatives an opportunity to review cost information**



MMU Position

- **The MMU recognizes that the amended approach, unlike the original approach, does not involve piecemeal ratemaking and has support from load**
- **The approach should phase out over the long run**
- **Under these circumstances, the MMU does not object to the amended approach**
- **The MMU does not support other elements of the original proposal because they have not been adequately justified. Specifically, the MMU objects to changes to the CRF recovery provision in paragraph 18 or deleting the double recovery exclusion under paragraph 17**



Proposed Tariff Language

Insert after the CRF table on OATT Sheet No. 241A

If a Black Start Service Provider seeking to recover costs for a Black Start Unit under paragraph 6 (i) is unable to sufficiently document its costs for such unit and (ii) was receiving payment under paragraph 5 for services provided by such unit as of May 15, 2010, then the Black Start Service Provider may add an amount up to its Black Start Unit Capacity times net CONE times the Black Start allocation factor (X) for its technology type up to a maximum of 50 MW for diesel or CT units, or 100 MW for hydro units as a proxy for all of its costs (whether sufficiently documented or not) other than costs incurred solely for the purpose of meeting NERC Reliability Standards. Black Start Units not meeting all of the preceding criteria are eligible for recovery of costs under paragraph 6 solely to the extent that a Black Start Service Provider can sufficiently document such costs.



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