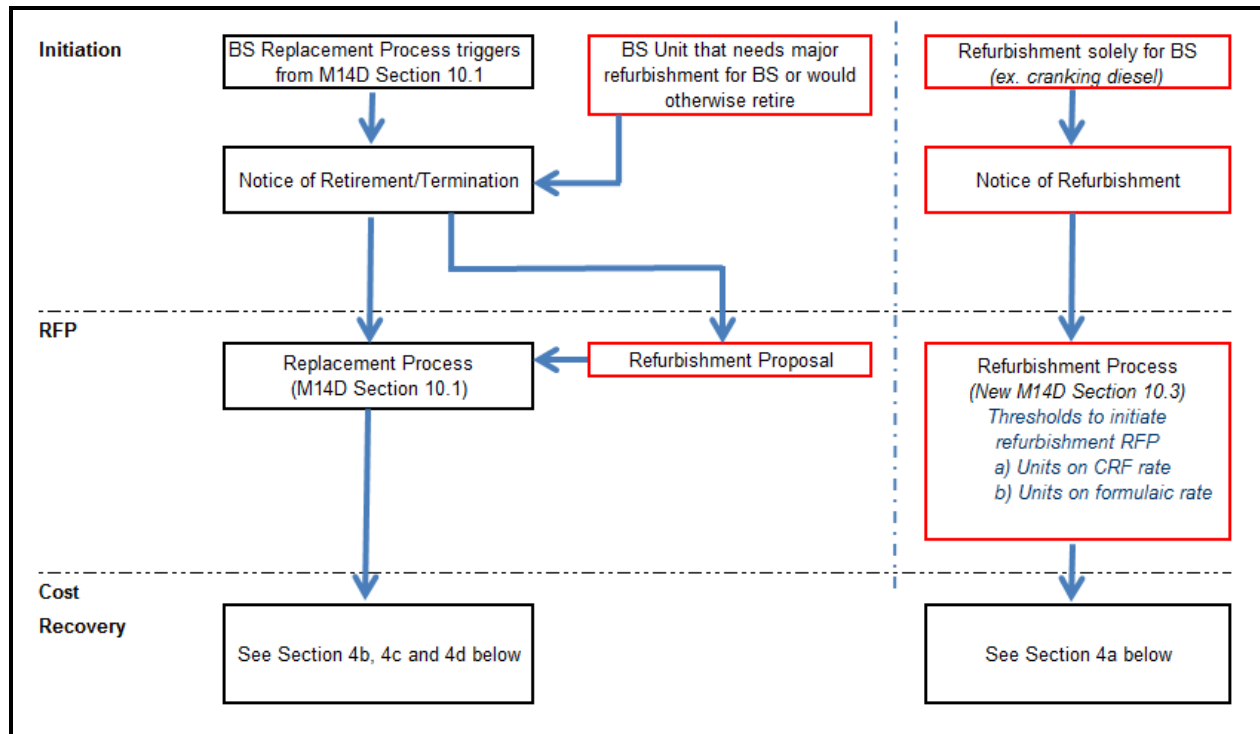


Black Start Refurbishment Process Summary



Notes for clarification and further discussion (to be covered in new Manual M14D Section 10.3 language):

1. Black Start unit that needs major repair or would otherwise retire needs to submit notice of retirement to trigger Black Start Replacement Process, and then submit refurbishment proposal as a bid in replacement process.
2. Thresholds for Refurbishment Process:
 - a. For units on CRF rate: link threshold to remaining % of CRF payout - if refurbishment proposal is greater than the remaining CRF payments then an RFP is required. As the unit gets closer to the end of commitment the threshold reduces and the likelihood for an RFP will increase.
 - b. For units on formulaic rate: link threshold to a percentage (10%) above current revenue requirement (ie. if refurbishment cost proposal is 110% of current revenue requirement then RFP is required).
3. Provisions for extended service payment for units that are not selected in Replacement Process or Refurbishment Process RFP, are needed to provide black start service temporarily, and require additional capital investment -- extend existing black start payments and include RMR type language to address additional capital costs.
4. Fundamental cost recovery methodology – cost recovery during the capital recovery period in accordance with the following scenarios:
 - a. Existing unit, incremental refurbishment costs for equipment solely necessary for the purpose of black start (ie. existing cranking diesel):
 - i. If unit cleared in RPM auction, unit receives RPM revenues plus cost recovery for equipment refurbishment through Schedule 6A black start revenues.

- b. Unit that needs major refurbishment for black start or would otherwise retire, submits refurbishment proposal and is selected through replacement RFP process:
 - i. During the capital recovery period for the major refurbishment, the unit will receive the greater of black start revenues (per Schedule 6A) or any cleared RPM auction revenues.
 - ii. A unit that includes the major refurbishment (overhaul) costs in the APIR component of ACR and clears in RPM cannot receive refurbishment cost recovery through Schedule 6A, because they are already receiving revenues through RPM.
- c. Existing unit (ie. CT) submits bid to replacement RFP process for incremental upgrades to provide black start:
 - i. If unit cleared in RPM auction, unit will receive cost recovery to include RPM revenues plus cost recovery for incremental equipment upgrades through Schedule 6A black start revenues.
- d. New unit that may have originally not been built due to inadequate RPM revenues, submits proposal for new black start unit and is selected through replacement RFP process:
 - i. Since in this case black start cost recovery (Schedule 6A) is being used to fund the new black start unit, unit owner will be paid during the capital recovery period the greater of black start revenues (per Schedule 6A) or any cleared RPM auction revenues (if unit clears in RPM).