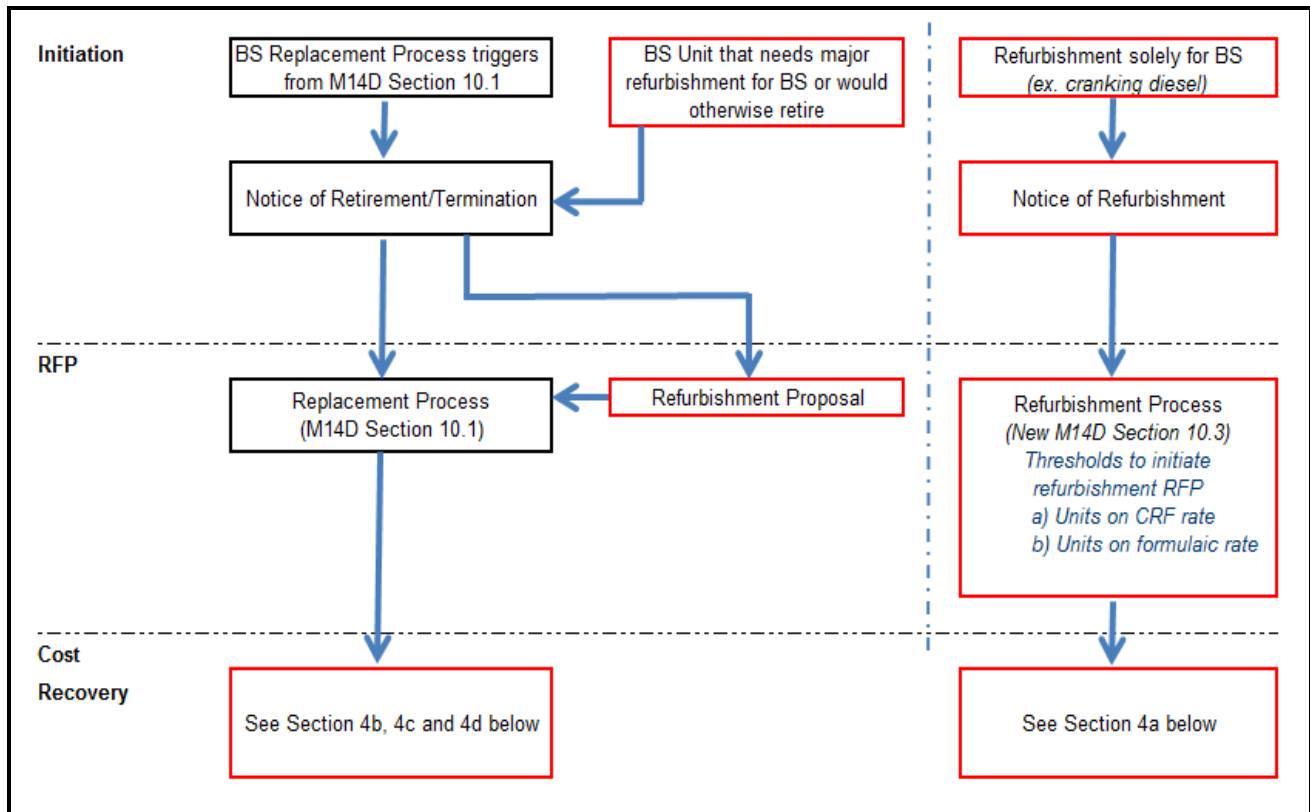


## Black Start Refurbishment Process Summary



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

- 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.
- Thresholds for Refurbishment Process:
  - 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.
  - 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).
- 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):
    - 1) 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 and has submitted retirement notice and chooses to submit a refurbishment proposal and is selected through replacement RFP process:

Proposal A:

    - 1) Refurbishment costs that will be recovered through schedule 6A shall not be included in APIR for RPM or VOM. The unit will receive the greater of black start revenues (per Schedule 6A) or any cleared RPM auction revenues during the recovery period.

Proposal B:

    - 1) Refurbishment costs that will be recovered through schedule 6A shall not be included in APIR for RPM or VOM.
  - c. Existing unit (ie. CT) submits bid to replacement RFP process for incremental upgrades solely necessary to become a black start unit:
    - 1) 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.
    - 2) Incremental costs that will be recovered through schedule 6A shall not be included in APIR for RPM.
  - d. New black start unit submits a proposal in accordance with requirements of the RFP proposal and is selected through RFP replacement process:
    - 1) Cost recovery for construction of entire new unit is recovered through schedule 6A and therefore that cost cannot be included in APIR for RPM.