

Black Start Refurbishment Process

Cost recovery methodology during the capital recovery period.

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. Major refurbishment of a black start unit is historically a very rare case.

Proposal A

Proposal B

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.

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PROS

CONS

PROS

CONS

Allows for PJM and TO to continue black start services on a unit that would otherwise retire.

TO pays all capital cost initially needed to refurbish the unit to keep the unit in service for both black start and capacity, therefore the higher of the two payments is appropriate.

No Tariff change required.

Skims revenues off of RPM

Return on capital included but not fixed costs.

Two units providing the same services could be compensated differently.

Allows for PJM and TO to continue black start services on a unit that would otherwise retire.

GOs make be more likely to make an offer to perform refurb.

Preserve separation of payments for different services.

Capital costs to be covered under Sched 6A must be incremental costs solely for the purpose of Black Start and not used for the provision of other services tariff revision required.

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