Black Start Service Task Force (BSSTF) Summary

SRSTF Meeting
April 12, 2013
Black Start Service Task Force (BSSTF)

- Chartered by PJM Markets Implementation Committee (MIC)
- Charter items focused on specific cost recovery process issues
  - Capital cost recovery for black start
  - CIP costs included in revenue requirements (additive to existing rates)
  - Black Start Refurbishment Process
- BSSTF sunset by MIC in April, 2012 after completion of charter items
• Charter item: Develop RFP process similar to Black Start Replacement Process to accommodate unit refurbishments

• Agreement on process and cost recovery methodologies for minor refurbishments/upgrades, but agreement not reached on all cost recovery methodologies for major refurbishment scenarios

• Link to Black Start Refurbishment Process whitepaper: http://www.pjm.com/~media/committees-groups/task-forces/srstf/20121023/20121023-bsstf-pjm-refurbishment-proposal.ashx
BSSTF developed cost recovery methodologies for four refurbishment scenarios:

- Existing black start unit, minor refurbishment of equipment solely necessary for black start (RFP thresholds)
- Major Refurbishment of an existing black start unit through RFP process
- Upgrade of an existing unit to be black start capable in response to RFP
- Construction of new black start unit in response to RFP
Alternate Proposals:

- Major Refurbishment Cost Recovery Proposal A1:
  • Unit receives higher of black start revenues plus ACR or RPM payments

- Major Refurbishment Cost Recovery Proposal B:
  • Unit receives black start revenues plus RPM payments

MIC: Proposal B received higher amount of majority votes

MRC: Neither proposal passed sector weighted vote
Appendix
# Black Start Refurbishment Process – Cost Recovery Scenarios

<table>
<thead>
<tr>
<th>Refurbishment Scenario</th>
<th>Initiation</th>
<th>RFP</th>
<th>Cost Recovery</th>
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| 1 Refurbishment solely for purpose of Black Start | Refurbishment Proposal | Thresholds for RFP | No RFP: RPM+BS CRF  
  RFP: RPM+BS CRF |
| 2 BSU that needs a major overhaul or would otherwise retire | Notice of retirement | BS Replacement RFP - Incumbent BSU submits refurbishment proposal | **Proposal A1**: Must offer into RPM, No Refurbishment costs in APIR or Energy VOM  
  Clear in RPM:  
  - If (BS+ACR) > RPM, then BS CRF - (RPM-ACR)  
  - If (BS+ACR) < RPM, then RPM + Formula Rate  
  Does not Clear in RPM: Black Start CRF + ACR  
  **Proposal B**: Must offer into RPM, No Refurbishment costs in APIR or Energy VOM  
  Clear in RPM: Black Start CRF + RPM  
  Does not clear in RPM: Black Start CRF |
| 3 Non BSU bids modifications to become BSU into Refurbishment RFP | Non BSU unit wins RFP |  | No Black Start modification costs in APIR  
  Black Start CRF + RPM |
| 4 New BS capable unit bids construction costs into Refurbishment RFP | New BS capable unit wins RFP |  | **Proposal A1**: Must offer into RPM, No construction costs in APIR or Energy VOM  
  Clear in RPM:  
  - If (BS+ACR) > RPM, then BS CRF - (RPM-ACR)  
  - If (BS+ACR) < RPM, then RPM + Formula Rate  
  Does not Clear in RPM: Black Start CRF + ACR  
  **Proposal B**: Must offer into RPM, No Construction costs in APIR or Energy VOM  
  Clear in RPM: Black Start CRF + RPM  
  Does not clear in RPM: Black Start CRF |