SRSTF

Polling Results - Compensation

March 25, 2014
• Both compensation solution proposals failed at the MRC
  – Minimum Incentive Proposal Tariff failed in a sector-weighted vote with 3.01 in favor
  – Proxy for Formula Replacement failed in a sector-weighted vote with 2.24 in favor
• Poll issued to gauge participant interest in continued discussions on Black Start compensation and/or modifications to current proposals
  – 124 responses received
Q1 Do you support the inclusion of a compensation provision to allow non-ICAP Black Start units to be compensated using the offered Black Start MW?
Q2 Do you support the inclusion of a compensation provision to allow ALR units to recover NERC Compliance costs as documented to the IMM?
Q3 Do you support the inclusion of a compensation provision to allow for fuel storage compensation for fuels other than oil?
Q4 Do you support the inclusion of a provision to allow for a 5 year PJM internal review of the black start annual revenue calculation components?
Q5 Do you have an interest in discussing the cost allocation of the Black Start costs?
Q6 Do you have interest in re-evaluating the former compensation proposal that included performance incentives for Black Start units?
Q7 Do you support any dollar amount or % increase for a minimum incentive proposal?
Q8 Do you support any other further discussion at the SRSTF on Black Start compensation issues?
Do you support the inclusion of a compensation provision to allow non-ICAP Black Start units to be compensated using the offered Black Start MW?

Results – Q1

No, 37%
Yes, 63%
Do you support the inclusion of a compensation provision to allow ALR units to recover NERC Compliance costs as documented to the IMM?

Results – Q2

No, 31%

Yes, 69%
Do you support the inclusion of a compensation provision to allow for fuel storage compensation for fuels other than oil?

- Yes, 86%
- No, 14%
Do you support the inclusion of a provision to allow for a 5 year PJM internal review of the black start annual revenue calculation components?

Results – Q4

No, 31%

Yes, 69%
Do you have an interest in discussing the cost allocation of the Black Start costs?

- Yes, 16%
- No, 84%
Do you have interest in re-evaluating the former compensation proposal that included performance incentives for Black Start units?

Results – Q6

No, 48%

Yes, 52%
Do you support any dollar amount or % increase for a minimum incentive proposal?

Comments

In Favor / ‘Yes’
• Vote at MRC was closer than any previous attempts. Worth a try to see if a different number would work.
• The proposal that almost succeeded at the MRC was a good one. We have no arguments for supporting a different level.
• Load must come to terms that BSS needs to be adequately compensated.

Not in Favor / ‘No’
• As was already presented to MRC.
• Due to the recent success of the RFP, the need for increased incentive does not appear to be necessary. We would be interested in re-opening the minimum incentive proposal in the future if shortages of Black Start generation exist in the future.
• The IMM made it clear that this is arbitrary and without basis beyond the 10% adder today.
Do you support any other further discussion at the SRSTF on Black Start compensation issues?

Comments

In Favor / ‘Yes’
- However, we should limit additional discussions to new compensation proposals and developing the reliability backstop provisions.
- We believe that additional discussion of these issues is warranted but also believe that the topic has been fully vented in this group and that further discussion may simply be beating a dead horse.
- Limit to clean-up issues addressed in the first four questions in this survey.
- To the extent that the PJM RFP process fails to produce the necessary black start capacity and a back-stop process is necessary, the affected states should be consulted with the available alternatives, e.g., different cranking paths, restoration times, etc., to allow states’ input regarding the impacts to the states on costs and restoration times, etc., decisions as to the necessity for non-RFP black start capacity should not be between just TO and PJM ... to the extent that a back-stop is determined necessary due to the failure of the RFP process, any result from the back-stop process should be subject to market bidding to ensure that the lowest cost for black start is procured ... back stop process should not rely on transmission ownership of generation capacity and recovery through FERC formula rate for transmission costs

Not in Favor / ‘No’
- Due to the recent success of the RFP, the need for increased incentive does not appear to be necessary. Duquesne would be interested in discussing the Black Start compensation issues in the future if shortages of Black Start generation exist in the future.
- No. End discussion altogether. Then, end the TF after finishing the remaining item - backstop. We’ve done some good work.