

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:
PJM Interconnection, L.L.C.
Docket No. ER11-4402-000

October 31, 2011

PJM Interconnection, L.L.C.
955 Jefferson Avenue
Valley Forge Corporate Center
Norristown, PA 19403

Attention: Robert V. Eckenrod
Counsel

Reference: Deficiency Letter Regarding Recovery of Incremental Costs for Providing
Black Start Service

Dear Mr. Eckenrod:

On August 30, 2011, PJM Interconnection, L.L.C. (PJM) submitted revised sections of the PJM Open Access Transmission Tariff (Tariff) to provide additional means for black start service providers to recover additional incremental costs. PJM's filing is deficient and additional information is required in order to process the filing. Please provide the information requested below:

(1) PJM's proposed recovery of non-NERC incremental costs does not require documentation. Please explain and provide documentation/examples of costs that cannot be documented. Explain why new black start units should be allowed to avoid documenting all capital costs of black start equipment.

(2) In the case of older, fully depreciated units that have no investment to recover, please explain why the Capital Cost Recovery Rate – NERC-CIP Specific Recovery equation, which includes the black box equation for existing investment would not result in over-recovery of costs.

(3) Explain how PJM will prevent the over-recovery of training costs since training costs are included in the NERC-related Critical Infrastructure Protection Standards and also in the formula for calculating a generator's annual Black Start Service revenue requirement.

(4) Please clarify, or submit a tariff amendment, that describes whether the incentive factor Z is applicable to those black start units that establish a commitment pursuant to paragraph 6 of Schedule 6A since the Tariff does not explain how it would apply in this circumstance.

(5) Please clarify what is meant by the phrase, "if applicable", in the definition of "FERC-approved rate" included in the Capital Cost Recovery Rate equation.

(6) PJM states at page 13 in its October 10, 2011 Answer to the Protest of the Independent Market Monitor that: "appropriate safeguards have been included which limit the opportunity for a black start unit owner to garner a windfall from its investment in the black start unit." Explain in detail what PJM means by "appropriate safeguards" and how those safeguards will prevent a black start unit owner from garnering a windfall.

The information requested in this letter will constitute an amendment to your filing, and a new filing date will be established. A notice of amendment will be issued upon receipt of your response.

This letter is issued pursuant to 18 C.F.R. § 375.307(a)(1)(v) and is interlocutory. This letter is not subject to rehearing pursuant to 18 C.F.R. § 385.713, and a response to this letter must be filed with the Secretary of the Commission within 14 days of the date of this letter.

Please send an additional electronic version of your response to Mr. James Eason of my staff at James.Eason@ferc.gov.

Failure to respond to this deficiency letter within the time period specified may result in an order rejecting your filing. Pending receipt of the above information, a filing date will not be assigned to your filing.

Sincerely,

Jignasa Gadani, Director
Division of Electric Power
Regulation - East

Document Content(s)

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