

Black Start Service Revenue Requirements for New Units

Issue Source

PJM

Phase 1

A number of new units have recently entered Black Start Service as a result of the RTO Wide RFP in 2013. Schedule 6A of and attachment M-Appendix to PJM's Open Access Transmission Tariff (OATT) defines the rule for determining a black start unit's Annual Revenue Requirement. The current tariff language defines the review process for existing black start units' annual revenue recalculation in May. However, the language does not explicitly define the review process for the black start costs of new units entering Black Start Service outside the annual revenue recalculation period.

Phase 2

Currently, new or existing black start units that store fuel on-site are eligible to recover the stored fuel carrying cost for 16 hours of operation plus the minimum suction tank level (MTSL) in their annual revenue calculation. During the annual revenue recalculation in May of the last few years, the IMM has been questioning whether the MTSL volume used in the calculation should be apportioned between the black start and energy markets. PJM recommends that the Stakeholders also discuss the MTSL carrying cost issue and determine if any changes are needed.

Stakeholder Group Assignment

This issue concerns the development and initial review of a new black start unit's capital costs and annual revenue requirement, therefore it is recommended to be worked at the Market Implementation Committee.

Key Work Activities

Phase 1

Stakeholder discussions of the process for developing the annual revenue requirement review process for new units entering Black Start Service outside the annual revenue calculation period in May. Key work activities could include but are not limited to;

- 1) Development of Tariff language
- 2) Development of manual language
- 3) Adding transparency on billing adjustments
- 4) Development of alternative billing strategies to minimize the impact of large billing corrections when new units enter Black Start Service.

Upon completion of Phase 1

Phase 2

Stakeholder discussions of the methodology for calculating MTSL carrying cost in a black start unit's annual revenue requirement. Key work activities could include but are not limited to:

- 1) Development of Tariff language
- 1)2) Development of manual language

Expected Deliverables

Phase 1

- 1) Schedule 6A tariff and Attachment M-Appendix language that define the cost review process for new black start units that enter Black Start Service outside of the annual revenue recalculation period.
- 2) Updates to Manual 12 or Manual 14D language as required.

Phase 2

- 3) Schedule 6A tariff changes and Attachment M-Appendix language on the MTSL calculation as needed.
- 2)4) Updates to Manual 12 as required.

Expected Overall Duration of Work

The overall duration of the work is estimated to be 6 months..

Decision-Making Method

Tier 1, consensus (unanimity) on a single proposal preferred default option.