



System Restoration Strategy Task Force Update

MRC

June 26, 2014

This Task Force will examine the current System Restoration Planning process to determine its viability and efficiency moving forward and recommend any changes to the System Restoration strategy and associated procurement, cost allocation, and compensation methods, inclusive of back stop options to the MRC for approval.

- ✓ **Strategy changes developed and approved by FERC on 9/9/13**
 - RTO-wide Black Start RFP awards made May 2014
- **Task Force has approved changes to compensation and back stop options**
- **Task Force has not approved changes to cost allocation**

Minor Compensation Changes w/ Limited Fuel Storage

Allow non-ICAP Black Start units to be compensated using the offered Black Start MW

Allow ALR units to recover NERC Compliance costs as documented to the IMM

Fuel Storage:

- Allow for fuel storage compensation for LNG, propane, and oil per the existing formula;
- In the case where BS units share a common fuel tank, only one BS unit will be eligible for recovery of minimum tank suction level (MTSL).

Provide for a 5 year PJM internal review of compensation formula

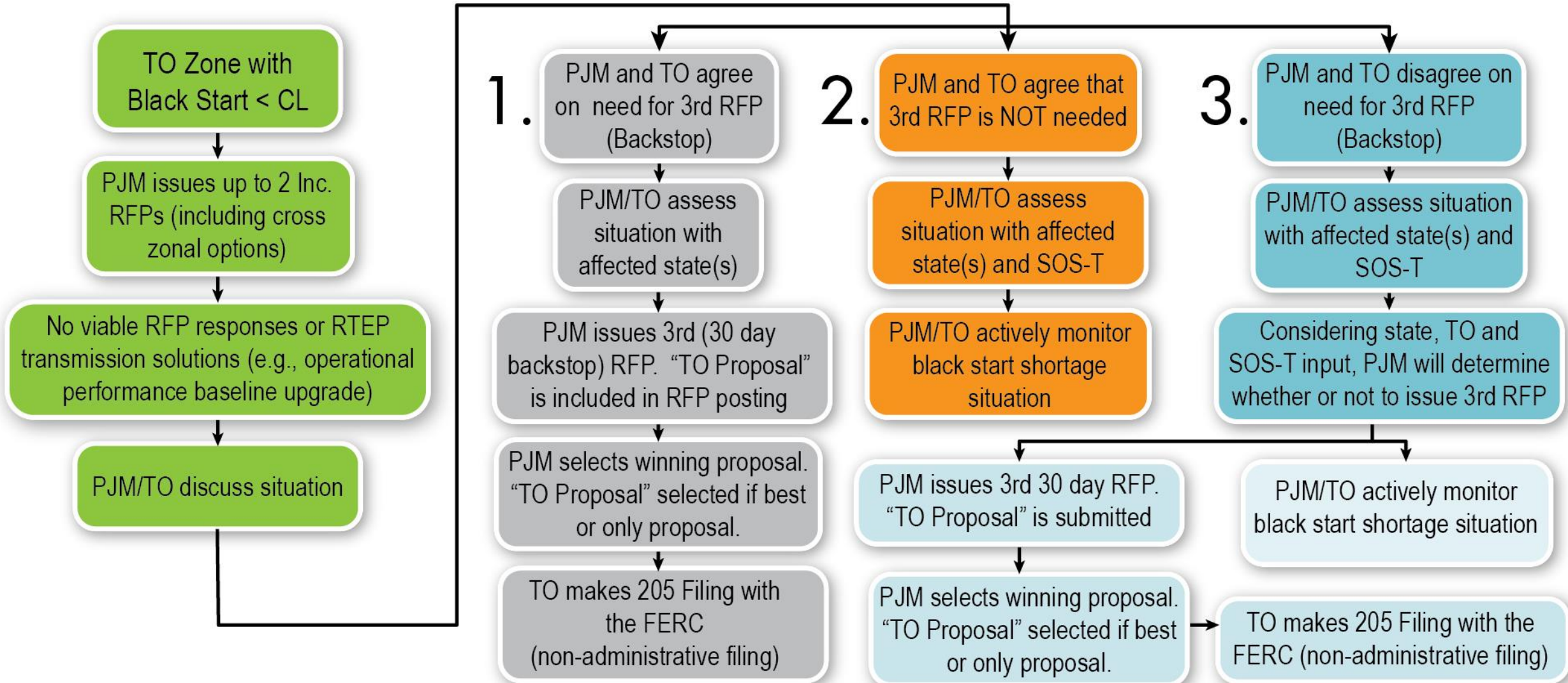
Reliability Back Stop Proposal

What triggers the Back Stop?

- Failed RTO-wide RFP, and
- 2 failed incremental RFPs, and
- No cross-zonal solution available, and
- No RTEP transmission upgrade solutions available (e.g., operational performance baseline upgrade)
- With consideration of PJM, TO, State and SOS-T discussions

Solution Type

TO provided proposal, which may be owned by the TO, by a generation-owning affiliate or by contracting with a generation-owning company. Asset may only be used for Black Start.



Reliability Back Stop Proposal

Length of Commitment	Per FERC approved recovery period (examples are Attachment H of the OATT, PJM's OATT Schedule 6A, or FERC approved recovery rate)
Cost Recovery Method	<ul style="list-style-type: none">• If TO owned or contracted with generation affiliate or non-affiliate: TO makes 205 Filing with FERC for OATT Recovery Capability to Recover Capital Costs, Ongoing O&M Costs, Depreciation, and Fuel for Diesel Generators (or Comparable Power Sources) as Transmission Assets;• For GO owned: Recover through OATT Schedule 6A or FERC filing.

■ No ■ Yes

