



Black Start Service Task Force Black Start Refurbishment Process

MRC Meeting
March 29, 2012

Black Start Refurbishment Process

- Develop RFP process similar to Black Start Replacement Process to accommodate unit refurbishments.

- BSSTF in agreement on the initiation, RFP process and cost recovery methodologies for minor refurbishments/upgrades.
- BSSTF not able to reach agreement on all cost recovery methodologies for major refurbishment scenarios.

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



Black Start Refurbishment Process – Cost Recovery Scenarios

	Refurbishment Scenario	Initiation	RFP	Cost Recovery
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				

Both proposals received simple majority of votes at 1/11/12 MIC:

- 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

Proposal B received higher amount of majority votes.

Next Steps

- Requesting vote at 3/29 MRC on Tariff and Manual M14D language developed in accordance with Proposal B.
- MC vote on 4/26/12
- FERC Filing by 5/15/12