

M15 Start-up Cost Calculation - Pricing Station Service/Generation During Start for Units with a Soak Process

Under M15 Section 2.4 Start-up Cost, the Station Service component of Start-up Cost is calculated for generators with a soak process have by netting net-MWhs consumed/generated during the generator's start (notification to first breaker close) and shutdown (dispatchable to last breaker open) against MWhs generated after first breaker close to dispatchable. The net-MWhs are then priced at the Station Service Rate, which is defined as follows:

- **Station Service Rate** – A \$/MWh value based on the 12-month rolling average off-peak energy prices updated quarterly by the Office of the Interconnection.

Off-peak energy prices were elevated in 2022 due to geopolitical issues driving higher natural gas and other fuel prices. In 2023, gas/fuel prices returned to alignment with lower pre-2022 levels, as did energy prices. This rendered the 12-month rolling average used to calculate the Station Service Rate in 2023 elevated relative to the actual prices generators were paying, or being paid, for net MWh consumed/generated during Start-up. This continues to result in an inaccurate Start-up cost calculation that either over- or under-estimates those costs.