

## Black Start Service Revenue Requirements for New Units

### Problem / Opportunity Statement

A number of new units have recently entered Black Start Service as a result of the RTO Wide RFP in 2013. Schedule 6A and Attachment M – Appendix to of 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.

Many of the new black start units selected in the RTO Wide RFP were replacing existing black start units that were retiring from the service. In order to assure that PJM had sufficient black start resources to meet the requirements of the restoration plans, most of the new black start units entered Black Start service prior to their initial capital costs and annual revenue requirements being approved by the IMM. PJM with the owner’s concurrence agreed to back pay these units to the date they entered the service once their annual revenue requirement was approved. Due to the nature of the review process a number of these units’ black start cost were not approved until 6 months or more after they entered service. This resulted in significant charges in one month’s billing to the load in the zone supported by the new black start unit.

PJM recommends that the OATT Schedule 6A language be revised to clearly define the initial annual revenue requirement review process for new black start units that enter Black Start Service outside of the annual revenue recalculation period and minimize the potential for large after the fact black start rebilling charges to customers.

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.