



Problem Statement / Issue Charge

Make Whole Payments to ~~Automatic Load Rejection (ALR)~~ Black start Start Support Units

Problem Statement:

In PJM there are two types of black start units: (1) Traditional black start units that start without outside electrical supply and (2) Automatic Load Rejection (ALR) Units.

Units with traditional black start capability are tested to verify that they can be started and operated without being connected to the grid. ALR units are tested by electrically isolating them from the grid. The costs incurred by these units in excess of their revenues from the energy market are paid through operating reserve credits. Currently these credits are classified as deviation credits for deviation in the RTO Region and paid by deviations across the entire RTO Region.

ALR units are generating units with a high operating factor that have demonstrated the ability (subject to Transmission Provider concurrence) to automatically remain operating at reduced levels when disconnected from the grid. These units are relied on to operate at least at a minimum level necessary to provide blackstart capability during all periods. This includes periods when the units are not economic, resulting in make whole payments in the form of balancing operating reserve credits. Currently these payments are classified as credits for reliability in the Western Region and the resulting reliability charges are paid by real-time load and exports in the region.¹

The issue is whether these payments should be designated based on the cause of the payments. For example, if make whole payments are required in order to pay for units to provide blackstart capability, should these payments be designated as blackstart and allocated as blackstart costs?

Issue Source:

PJM's balancing operating reserve rules are intended to allocate operating reserve charges based partly on cost causation principles. The current rules do not allocate the costs testing

¹ The Western Region contains: the AEP, AP, ATSI, ComEd, DEOK, DLCO and DAY Control Zones; the IMO, Northwest, OVEC, NIPSCO and MISO Interfaces; and the AEP-Dayton, Ohio and ATSI Generation Hubs.

black start units or of obtaining black start support from ALR capable units, consistent with the causes of these costs, on the same basis as other blackstart costs.

Stakeholder Group Assignment:

The issue will be presented at the ~~July 11~~ August 8, 2012 MIC. The MMU recommends that the MIC resolve the issue without assignment to another group.

Key Work Activities:

1. Review the rules governing the balancing operating reserve credits identification process.
2. Review the rules governing the allocation of the costs of blackstart service.
3. Review the history of balancing operating reserve credits paid to units for providing blackstart service, including testing costs.
4. Determine the correct allocation of costs for testing and running these units consistent with the current allocation of costs for blackstart service.
5. Develop Tariff and Manual changes as necessary.

Expected Deliverables

Revised Tariff and Manual language.

Expected Overall Duration of Work

The MMU expects that this work effort can be completed within six months.