

Black Start Proposal

Minority Interest Compromise Proposal

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December 17, 2020

The Black Start PC/IC worked through the CBR process

- The Operating Committee initially starting working the Black Start Problem Statement and Issue Charge in May
- Seven months were spent by stakeholders on the PJM CBIR process:
 - Education
 - Issue Identification
 - Component Details
 - Solutions Details
 - Package Matrix
- Four proposals were created – IMM, PJM, PJM Option #1 and Dominion Energy



On December 3 Minority voices we silenced in the OC

- The December 3 OC Black Start voting item had two parts:
 - **REVISE** the May 2020 Black Start Unit Involuntary Termination & Substitution Rules to strikeout options.
 - REVIEW AND VOTE on the ~~four~~ three proposals – IMM, PJM, PJM Option #1, and Dominion Energy
 - Why not simply use your power to vote for your interest?
- The Sudden last-minute efforts to eliminate discussion options also eliminated options for compromise
 - Eliminating options for compromise on the day of voting (in the lower committees) should be frowned upon.



What we are asking:

- To be heard....
- Minority interests should be allowed to speak:
 - Striking aspects of an issue charge on the day of a vote because you are the majority stifles discussion
 - Why not simply use your power to vote for your interest?
- Opportunities for compromise should be heard
 - Eliminating options for compromise on the day of voting (in the lower committees) should be frowned upon.
- While the supply voting power in the lower committees can eliminate the voice of minority interests at any time, the PJM governing documents provides further opportunity for minority interests to bring proposals directly to the senior committee level.

PJM Dec. 3 OC – Black Start presentation



First Read Summary

- November 6 – Presented four proposals – IMM; PJM; PJM Option #1; and Dominion Energy
 - [Proposal Presentation](#)
 - Vote deferred to December Operating Committee meeting due to proposed [amended Issue Charge](#) upon its first read
- December 3 – Present updated proposals
 - Includes summary material of proposals
 - The OC will be asked to vote on the proposals

Black Start Problem Statement / Issue Charge, [December 3, 2020 OC Meeting](#)

Summary of Compromise proposal

Black Start Unit Testing

- Black Start Unit testing required every 13 months for Black Start Units under Schedule 6A or service agreement with Transmission Owners
- Testing requirement update to be added to Schedule 6A and Manual 12

Black Start Unit Substitution

- Clarifying language to address Black Start Unit substitution
- Substitutions only permitted under very specific circumstances and with defined conditions
- Substitutions must be supported by documentation (for operational or technical reasons)
- Substitution guidance to be added to Schedule 6A and Manual 12

Black Start Unit Termination

- Ability to terminate Black Start Service if Black Start Unit is unable to successfully black start test within 90 days following a failed test AND not working towards enabling black start capability/successful testing within a one year period
- Termination updates to be added to Schedule 6A and Manual 12

Minimum Tank Suction Level (MTSL)

- Black Start Unit eligible to recover Black Start Energy Tank Ratio of the MTSL in its fuel storage calculation
- Black Start Energy Tank Ration $\{(Fuel\ Burn\ Rate\ X\ Minimum\ Run\ Hours)/(Tank\ Capacity - MTSL)\}$

Summary of Compromise proposal

Black Start Capital Recovery Factor (CRF)

- Remove CRF from Schedule 6A and add new Manual 15 Section documenting CRF methodology; and post annual CRF tables (plus historical CRFs) via PJM website
- Testing requirement update to be added to Schedule 6A and Manual 12
- ~~CRF interest rate assumption: ATWACC from Quadrennial Net CONE review with “significant change protection” for major interest rate changes between Quadrennial Reviews”~~
- ~~CRF interest rate assumption: Moody’s Utility index bond rate Baa1~~
- CRF Annual updates include changes in federal tax rate, average state tax rates and interest rate changes
- Updated CRF rates apply to new/existing Black Start Units
- ~~Updated CRF rates, including annual updates, apply only to Black Start Units selected in RFPs after the effective date of Tariff changes.~~
- Updated commitment periods apply to new/existing Black Start Units
- ~~Updated commitment periods apply only to Black Start Units selected in RFPs after effective date of Tariff changes~~
- Unit commitment periods removed from CRF Table.

Based on PJM proposal slide 12

Commitment Period – Life of Unit

Capital Recovery Period – 5,10,15,20 years (based on unit age)

Exit provisions -- At least one-year advance notice

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