

# ***DRAFT***

New York Independent System Operator, Inc.  
FERC Electric Tariff  
Original Volume No. 2  
Sched. 5

Original Sheet No. 311

## **Rate Schedule 5**

### **Payments For Black Start and System Restoration Services**

This Rate Schedule applies to payments to Suppliers who provide Black Start and System Restoration Services to transmission facilities that are part of the ISO's Black Start and System Restoration plan; to payments to existing Suppliers of such services that are part of Transmission Owners' individual Black Start and System Restoration plans for their Transmission Districts; and to charges for such services that are allocated to Transmission Customers in the Consolidated Edison Company of New York, Inc.'s ("Consolidated Edison") Transmission District.

#### **1.0 Requirements**

The ISO shall develop and periodically review a Black Start and System Restoration services plan for transmission facilities that are part of the ISO's Black Start and System Restoration plan. The ISO may amend this plan and determine Black Start requirements to account for changes in system configuration if the ISO determines that additional Black Start resources are needed. The ISO shall have the flexibility to seek Bids for new resources when it amends the current plan. The ISO shall establish procedures for acquiring Black Start and System Restoration Services and testing selected Generators providing these services. The ISO shall make Black Start and System Restoration Services payments only to those selected Suppliers that have appropriate Black Start equipment installed and available for service at the request of the ISO.

The full restoration of the NYS Power System will require some additional Black Start

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Generators, which are located in local Transmission Owner areas and which are not presently listed in the ISO restoration plan. Although the ISO plan will restore a major portion of the NYS Power System there are portions of the NYS Power System that will remain under Transmission Owner restoration control. Where the Transmission Owner's restoration plan requires additional local Black Start or System Restoration services, the ISO will make payments for such local services directly to the Generators that provide it under the terms of this Rate Schedule. The LSEs in those local Transmission Owner areas will be additionally charged for that Black Start service by the ISO under the ISO OATT. Generators, which are obligated to provide Black Start or System Restoration services as a result of divestiture contract agreements, will not receive ISO payments for those services if they are already compensated for such services as part of those divestiture contracts.

**2.0 Payment for Black Start and System Restoration Services to Suppliers Under the Black Start and System Restoration Plans Developed by the ISO and by Individual Transmission Owners Except for Existing Suppliers within the Consolidated Edison Transmission District**

By May 1<sup>st</sup> of each year, the following embedded cost information for Black Start and System Restoration equipment located at the Generators which were selected to provide Black Start or System Restoration services under the Black Start and System Restoration plans developed by the ISO and by individual Transmission Owners except for existing suppliers within the Consolidated Edison

Transmission District must be provided to the ISO based upon FERC Form No. 1 or equivalent data:

- Capital and fixed operation and maintenance costs associated with only those facilities within Generators that provide Black Start Capability; and
- Annual costs associated with training operators in system restoration.

Each Supplier will be paid on the basis of its costs filed with the ISO. The daily rate for

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Black Start and System Restoration services will be determined by dividing the Generator's annual cost by the number of days in the year from May 1st through April 30th of the following year.

Suppliers of Black Start and System Restoration services shall conduct tests that are deemed necessary and appropriate for providers of these services under the ISO Procedures or local Transmission Owner procedures, as applicable. Any Generator that is awarded Black Start or System Restoration service payments and that fails a test shall forfeit all payments for such services since its last successful test. Payments to that Generator shall not resume until it successfully passes the test.

### **3.0 Payments and Charges for Existing Black Start and System Restoration Services in the Consolidated Edison Transmission District**

Payments for existing Black Start and System Restoration services to Generators that are designated as System Restoration Units as of October 1, 2005, and that are located within the Consolidated Edison Transmission District, shall be calculated under Section 3.1 below. Charges to fund such payments shall be allocated among Transmission Customers in the Consolidated Edison Transmission District under Section 3.2 below.

### **3.1 Payments to Existing System Restoration Units in the Consolidated Edison Transmission District**

Existing System Restoration Units shall be eligible for Black Start and System Restoration services payments provided that they: (i) successfully test all necessary equipment in compliance with the Consolidated Edison testing criteria that are included in the ISO Procedures and incorporated by reference into this ISO Services Tariff (see below); and (ii) commit to be available to provide these services for an initial minimum period of three years. At the end of the second year of the initial three year period a System Restoration Unit, or Consolidated Edison, may give notice that the System

Restoration Unit will no longer be part of the Consolidated Edison Black Start and System Restoration plan, effective at the end of third year. For subsequent periods, each System Restoration Unit, or Consolidated Edison, may give one year's advance notice at the end of every subsequent two year-period, that the System Restoration Unit will no longer be part of the Consolidated Edison plan, so that a rolling three year commitment is maintained.

Eligible existing System Restoration Units in the Consolidated Edison Transmission District shall receive annual compensation for providing Black Start and System Restoration services based on unit type and the level of their interconnection to the New York State Transmission System pursuant to the following table.

	<b>Steam Turbine</b>	<b>Gas Turbine</b>
345 kV	\$350,000/yr/unit	\$350,000/yr/site
138 kV	\$300,000/yr/unit	\$300,000/yr/site

These annual amounts will be paid to existing System Restoration Units in twelve equal monthly payments. The monthly payments shall also include compensation for legitimate, verifiable, and adequately documented operator training costs associated with readiness to provide Black Start Service or System Restoration Service, and for legitimate, verifiable, and adequately documented variable costs associated with annual tests of Black Start and System Restoration capability, that existing System Restoration Units invoice to the ISO, subject to the ISO's independent review.

Eligible existing System Restoration Units shall conduct annual Black Start and System Restoration capability tests and shall ensure that all relevant personnel are trained in black start and restoration operations. Detailed information about the tests and training standards shall be set forth in the ISO Procedures, which shall incorporate criteria developed by Consolidated Edison. The testing

criteria in the ISO Procedures shall be incorporated by reference into this ISO Services Tariff and shall be legally binding on existing System Restoration Units as if they were tariff provisions. The core features of the testing criteria are included in this ISO Services Tariff as Appendix I to this Rate Schedule and the ISO Procedures may not be revised in a manner that creates an inconsistency between them and Appendix I (To Be Added). Upon successful completion of a test, a System Restoration Unit shall submit a certification form to the ISO in the form provided in Appendix II to this Rate Schedule (To Be Added). If a System Restoration Unit fails a Black Start and System Restoration capability test, it shall be subject to a *pro rata* reduction in its annual payments based on the elapsed time between the unsuccessful test and a subsequent successful test. Existing System Restoration Units shall only be eligible to recover the costs associated with a single successful test for each annual testing period.

The ISO shall also reimburse existing System Restoration Units for equipment damage that the ISO reasonably finds: (1) to have resulted from operating such equipment in response to operational orders from the ISO, or Consolidated Edison, pursuant to the ISO Services Tariff or the ISO OATT, (2) is uncovered by reasonably available and customary insurance and (3) would not have occurred but for the System Restoration Unit's provision of Black Start and System Restoration services. Further, the ISO shall reimburse owners of existing System Restoration Units for equipment upgrades that the ISO reasonably finds are needed to minimize the risk of equipment damage at existing black start and system restoration units or sites located in the Consolidated Edison Transmission District. The burden of making such showings will be upon the owner of any such existing System Restoration Unit. Any such reimbursement shall be reviewable by the Commission upon request by a Market Participant.

### **3.2 Charges to Support Payments to Existing System Restoration Units in the Consolidated Edison Transmission District**

The ISO shall collect a monthly charge from each Transmission Customer in the Consolidated

Edison Transmission District in order to fund the payments described above in Section 3.1. The charge shall be based on the product of (a) the Transmission Customer's monthly Load Ratio Share of Load in the Consolidated Edison Transmission District, and (b) the total payments for existing Black Start and System Restoration services in that Transmission District under Section 3.1.

### **3.3 Payments to New System Restoration Units in the Consolidated Edison Transmission District**

New System Restoration Units within the Consolidated Edison Transmission District shall be treated as set forth in Section 2.0 above.

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