

September 23, 2003

**”Strawman Proposal”**  
**NYISO Principles for Establishing Payment for**  
**Suppliers of Black Start Services**

The NYISO tariffs define Black Start Capability as the ability of generation facilities to (i) assist in the restoration of the New York State Power System in the event of a system-wide blackout and (ii) assist in local Transmission Owner restoration plans.

Loads must purchase Black Start Service from the NYISO; Black Start capacity for NYS Power System is collected from statewide loads, and capacity for local restoration is collected from loads in the applicable Transmission Owner zones.

Black Start providers are compensated according to:

Current Tariff Provision:

Payments to Black Start Capability providers are comprised of two components: (1) “capital and fixed operation and maintenance costs associated with only those facilities within Generators that provide Black Start Capability; and (2) “annual costs associated with training operators in system restoration.” (Market Services Tariff)

Based on FERC Form No. 1 or equivalent data

Alternative Approach under Discussion:

Develop a consensus for a straight rate per billing unit (e.g., \$ per KW of Black Start capacity per year) that would be recommended to BIC and MC for possible tariff modification such as has been implemented in ISO-NE

**1. Guiding Principles**

- Black Start-capable facilities defined as able to self-sustain continued operations without an outside energy source; these units are the initial sources of energy for restoring the New York Control Area.
- Suppliers will be compensated only for the costs incurred to establish and maintain a facility’s Black Start capability, and applicable annual training costs

- Even under current tariff formula, Black Start-related costs could include a reasonable incremental component above provider's book costs to provide an incentive to continue to maintain and provide Black Start Capability or to offset potential operation/business risks that may be associated with providing the service
- If a straight rate per billing unit for Black Start service is developed, the rate should mirror the approach utilized in ISO-NE
  - As in ISO-NE, such a rate would fall between historical and current replacement cost, reflecting a reasonable balance between costs to loads and revenues to providers sufficient to continue to make the service available
- The NYISO will not pay for Black Start service from generators which are obligated to provide, and are compensated for, restoration services required under individual divestiture-related contractual obligations.
- Eligible Black Start providers will be determined by each Transmission Owner's local restoration plan
- Testing of local Black Start providers is the responsibility of each respective Transmission Owner
- For purposes of determining payments to local providers for service back to inception of NYISO, all necessary testing will be deemed to have been performed