



Decision on black start and system restoration proposal

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The ISO has identified a need to provide additional black start resources in the Greater Bay Area.

- The ISO's restoration plan is based upon the participating transmission owners' plans, then reviewed and augmented as necessary by the ISO
- The ISO determined that the estimated restoration time in the Greater Bay Area is materially longer than other high density areas in the state due to the location of the existing black start resources.
- The current tariff specifies that all scheduling coordinators in the Balancing Authority pay for capability procured by the ISO.

Cost allocation methodology and principles for the new black start resources

- Due to the limited number of resources available and concerns over the exercising of market power, financial compensation is proposed to be based on a cost of service model.
- Cost allocation is proposed to be based on FERC's cost allocation principle that rates should reasonably align costs with those benefitting.
- ISO proposes to invoice the PTO for incremental black start costs. The PTO will recover the costs through their reliability services tariff.

The steps the ISO proposes to will take to procure and contract new black start resources in the Greater Bay Area are:

1. Develop technical specification and key criteria.
2. Stakeholder meeting to review requirements.
3. Issue a request for proposal
4. Evaluate and review submitted proposal technical and commercial information.
5. Select the 2 most technically and commercially viable black start resources.
6. Enter into a three party contract with the successful bidders.

Management recommends the Board approve this proposal and the filing of the necessary tariff changes with FERC to allocate incremental black start costs to local areas.

- Provides a process for supplying a critical urban area with system restoration on comparable basis as the rest of the state.
- Allocates costs for black start services to those who benefit from the service.
- Provides reasonable compensation, based on a cost of service model, to those providing the black start service.
- All commenters supported or did not oppose the proposal.