

M15 Start-up Cost Calculation - Pricing Station Service/Generation During Start for Units with a Soak Process

Under M15 Section 2.4 Start-up Cost, the Station Service component of Start-up Cost is calculated for generators with a soak process by netting MWhs consumed during the generator's start (notification to first breaker close) and shutdown (dispatchable to last breaker open) against MWhs generated after first breaker close to dispatchable. The net-MWhs are then priced at the Station Service Rate, which is defined as follows:

- **Station Service Rate** – A \$/MWh value based on the 12-month rolling average off-peak energy prices updated quarterly by the Office of the Interconnection.

Off-peak energy prices were elevated in 2022 due to geopolitical issues driving higher natural gas and other fuel prices. In 2023, gas/fuel prices returned to alignment with lower pre-2022 levels, as did energy prices. This rendered the 12-month rolling average used to calculate the Station Service Rate in 2023 elevated relative to the actual prices generators were paying, or being paid, for net MWh consumed/generated during Start-up. This continues to result in an inaccurate Start-up cost calculation that either over- or under-estimates those costs.