

Variable Operations and Maintenance Cost Review report - Stakeholder Comments

Submitted by	Company	Date Submitted
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Southern California Edison (SCE) offers the following comments on the California Independent System Operator (CAISO) Variable Operations and Maintenance Cost Review (VOMCR) report ¹.

SCE has concerns over the study methodology

First, SCE disagrees with the exclusion of Other Maintenance Costs (section 2.1.3, page 3 of Nexant report) in VOM values. The maintenance is specifically described as that performed during short shutdowns. Such shutdowns would directly correlate with the variability of operation. Further, the cited examples even include inputs such as air and water, which seemingly are included in the examples in section 2.1.1 but arbitrarily excluded in section 2.1.3.

Second, SCE disagrees with the use of the sample size in the study. Several questions and concerns lead to the disagreement.

1. What is the distribution of the generators in each category in section 3.2 (page 11 of Nexant report)? If each type is the majority, what percent of the majority do they represent? A majority of 51% may paint a different picture than a majority of 91%.
2. Is the stated nameplate capacity also the representative majority? What is the breakdown of the remaining capacity in the distribution? The costs may vary beyond scaling for capacity.
3. What is the basis for the assumption that variable costs are normally distributed within a category? Without the validity of such an assumption, the individual sampled plants are not representative of costs even for the WECC wide distribution.

¹ <http://www.caiso.com/Documents/VariableOperationsandMaintenanceCostReport-Dec212018.pdf>

4. Is the distribution only representative of WECC or of the CAISO as well? If the latter does not hold true, then these results are not relevant.
 - a. Due to differences in rules and regulations (e.g. emissions, water use), cost of living, etc. – VOM costs in California can be significantly different from those experienced across the WECC.

Furthermore, the type of units sampled do not seem to correspond to what is typically found in Southern California (if not the CAISO) – it would be helpful if the consultant provided the unit breakdown by region.

The CAISO should provide a reference to its definition of VOM

While Nexant states that it uses the CAISO definition of VOM², SCE was unable to find a VOM definition in either the tariff or the BPMs. The CAISO should cite specifically where it defines VOM, thereby allowing stakeholders to better compare their own understanding of VOM.

² First mentioned in section 2.1.1 of Nexant report.