



California ISO

# Variable Operations and Maintenance Cost Review

California ISO and Nexant

January 8, 2019

# Variable Operations and Maintenance

- Variable Operations and Maintenance (VOM) costs are used in default energy bids and minimum load costs as per MWh dollar amounts that are intended to capture the variable, non-fuel costs associated with running a generator.
- The VOM accounts for the variable non-fuel costs that may include raw water, water and wastewater disposal expenses, chemicals and other consumable materials and supplies.

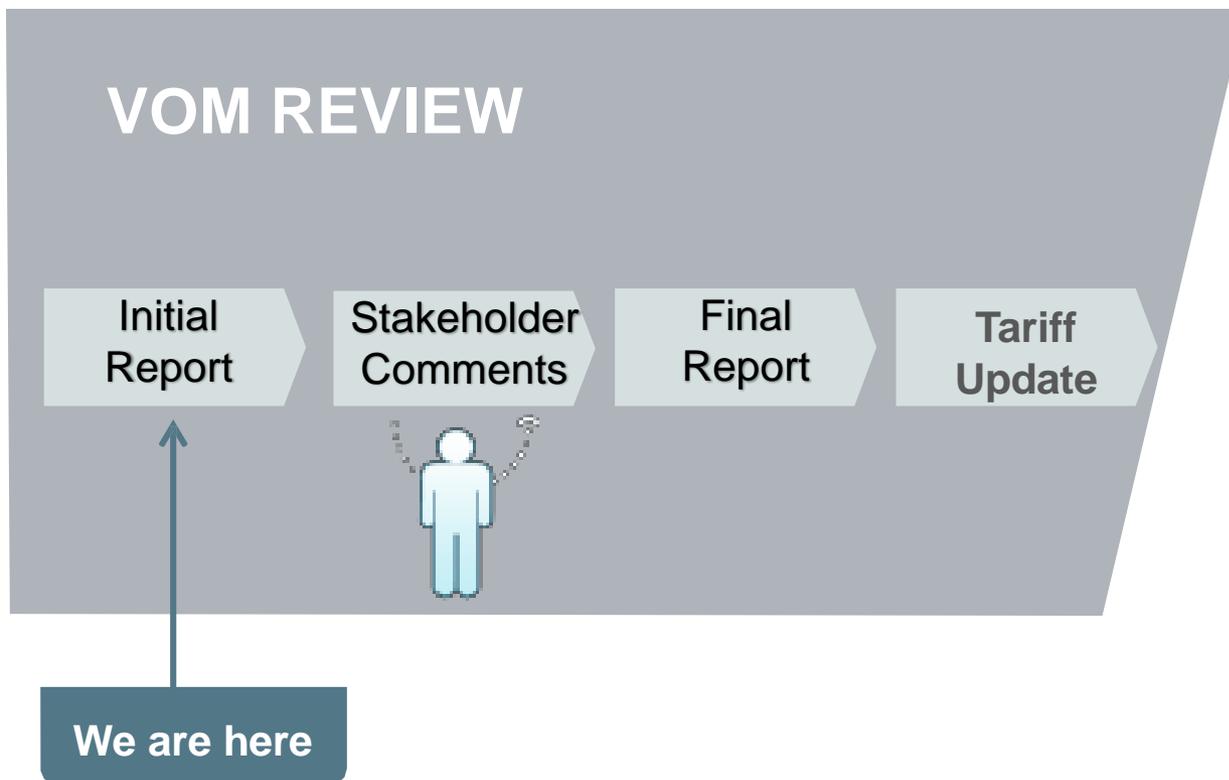
# Current VOM

Generation Technology	Recommended VOM Cost Adder (\$/MWh)
Solar	\$0.00
Nuclear	\$1.00
Coal	\$2.00
Wind	\$2.00
Hydro	\$2.50
Combined Cycle and Steam	\$2.80
Geothermal	\$3.00
Landfill Gas	\$4.00
Combustion Turbine & Reciprocating Engine	\$4.80
Biomass	\$5.00

# Background

- The ISO is committed to reviewing default VOM values every 3 years.
- The ISO has engaged Nexant consulting for the 2018 review of VOM.
- Stakeholders will have an opportunity to review and comment on the proposed update to VOM.

# Stakeholder Engagement



# Schedule

- January 8, 2019: Initial report and Stakeholder meeting
- January 15, 2019: Stakeholder comments due; send to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com)
- Week of February 26: Final report and response to comments posted
- Week of March 11: Stakeholder meeting on final report