



## Stakeholder Comments Template

### Variable Operations and Maintenance Cost Review

This template has been created for submission of stakeholder comments on the Variable Operations and Maintenance Cost Review straw proposal. The proposal, stakeholder meeting presentation, and other information related to this initiative may be found on the initiative webpage at: <http://www.caiso.com/StakeholderProcesses/Variable-operations-maintenance-cost-review>.

Upon completion of this template, please submit it to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com). Submissions are requested by close of business on **January 21, 2020**.

Submitted by	Organization	Date Submitted
Mike Whitney 916-781-4205	NCPA	1/21/2020

**Please provide your organization's comments on the following issues and questions.**

#### 1. Proposal Component A: Establish definitions for the O&M cost components

Please provide your organization's feedback on establishing definitions for the O&M cost components as described in section 4.1. Please explain your rationale and include examples if applicable.

NCPA supports establishing definitions for the O&M cost components in general if not specifically described in section 4.1. NCPA believes these more descriptive definitions are necessary to move this process forward.

Please provide your specific feedback on adding the following condition to the definition of Variable Maintenance Costs (as per page 10 of the straw proposal): "*Such costs should not represent significant upgrades to the unit or significantly extend the life of the unit.*"

This is a reasonable concept but perhaps is too general to include. Conditions 1 and 2 appear to be sufficient at this time.

Please provide your organization's position on establishing definitions for the O&M cost components as described in section 4.1. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

NCPA supports breaking out the operations and maintenance costs to separate categories but may shift support as new information becomes available in this process. NCPA generally concurs with Table 1 – Examples of Fixed vs. Variable Costs.

## 2. Proposal Component B: Refine Variable Operations Adders

Please provide your organization's feedback on the ISO's proposal to refine variable operations adders as described in section 4.2. Please explain your rationale and include examples if applicable.

NCPA appreciates the CAISO's response to stakeholder concerns expressed towards the VOM adders from December 2018 and the subsequent working groups that followed. NCPA supports decreasing the technology list from 30 down to 17 as a reasonable compromise from the status quo of 12.

Please provide your specific feedback on the updated technology groups proposed in section 4.1. Specifically, please provide your feedback on the relative merits of greater accuracy in the estimation of default VO adders versus the complexity and burden of assigning resources to the more-detailed technology groups.

NCPA feels that the burden and complexity of assigning resources to the more detailed technology groups is unnecessary as the present day list is sufficient and any resources that that require more specificity can negotiate cost adders in order to address all nuances.

Please provide your organization's position on the ISO's proposal to refine variable operations adders as described in section 4.2. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

NCPA generally supports ISO's proposal to refine variable operations adders as described in section 4.2 with the caveat that support may change as more information becomes available. NCPA feels that the current list of 12 categories is sufficient.

### 3. Proposal Component C: Calculate Default Maintenance Adders

Please provide your organization's feedback on calculating default maintenance adders as described in section 4.3. Please explain your rationale and include examples if applicable.

This proposal is entirely reasonable until introducing the 60% scalar which mostly derails the overall theme of providing a fair alternative to time consuming negotiated adders. NCPA shares other market participants concerns that its data set supporting the scalar may be insufficient.

Also the scalar could present a disadvantage to smaller generator owners that do not have resources available for negotiating a fair rate while the larger players have the resources, data, and skill to negotiate more advantageous rates. Removing the scalar would be more consistent with the general principles of this initiative by truly creating incentive to avoid negotiations as well as create a more level playing field for market participants.

Please provide any additional sources of O&M cost information (cost estimates, OEM recommendations, etc.) which you think would be appropriate for the ISO to review during this stakeholder process. If you would like to provide resource-specific data, the ISO can receive this information confidentiality.

No comment at this time.

Please provide your organization's position on calculating default maintenance adders as described in section 4.3. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

NCPA opposes any scalar but generally supports the rest of the proposal.

### 4. Implementation of Proposal

Please provide your organization's feedback on the suggested implementation details described in section 5. Please explain your rationale and include examples if applicable.

NCPA generally supports the implementation details described in section 5 and appreciates CAISO's commitment to honor negotiated adders that were established prior to 1/1/2020. NCPA requests that CAISO provide more information with regards to the process of how negotiated VOM adders will be broken out to the new O and M adders. Is that something market participants must provide to CAISO through CIDI or the MMA email or is that something CAISO will calculate and implement unilaterally assuming that it already has the necessary information to proceed accordingly? NCPA supports extending negation periods from 15-calendar days to 15-business days.

Please provide your organization's position on the suggested implementation details described in section 5. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

NCPA generally support the implementation details described in section 5 provided more information and further detail is included in the next straw proposal.

### **Additional comments**

Please offer any other feedback your organization would like to provide on the Variable Operations and Maintenance Cost Review straw proposal.

NCPA feels this proposal is a vast improvement from contents of the December 2018 VOM Cost report. NCPA appreciates and is relieved by CAISO's responsiveness to stakeholder concern and generally supports most of the contents of this straw proposal. However, NCPA explicitly opposes the MA scalar for reasons including but not limited to those stated above.