



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. Submissions are requested by close of business on **January 21, 2020**.

Submitted by	Organization	Date Submitted
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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.

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.*"

PGE does not support the addition of this condition to the definition of Variable Maintenance Costs. On the stakeholder call, CAISO indicated that "extend" implies improving or investing additional capital. However, PGE maintains that unit life is treated differently based on each state's regulatory structure and is often moved through regulatory non-technology based decisions to change portions of rate components. As such, it is largely an accounting mechanism and not operations-based.

If CAISO wishes to distinguish how capital enhancements should be treated, one option would be to exclude capital enhancements that improve efficiency (e.g., heat rate) or capacity beyond the original design and performance guarantees of the resource's construction. However, capital enhancements that allow for the reclamation of efficiency or capacity through loss or degradation should be allowed.

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)

PGE supports the definitions for the O&M cost components as described in Section 4.1.

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.

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.

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)

PGE supports the ISO's proposal to estimate Variable Operation (VO) costs in a VO adder value and Variable minor maintenance costs in a default Maintenance Adder (MA) and agrees with the ISO's assertion that assigning resources to more detailed categories/subcategories of technology groups only adds additional layers of complexity and confusion. PGE supports the technology groups identified in the proposal and looks forward to reviewing the associated values that the ISO plans to propose in the next iteration.

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.

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.

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)

PGE supports the general methodology proposed but shares many of the questions posed by stakeholders regarding the S&P Market Intelligence data used to illustrate how a unit-specific adder could be calculated. Since the goal of the ISO is to limit the number of negotiations that are needed to incur, PGE supports the CAISO's proposal to consider other variables that could be inputs into the regression model used for scaling the default values.

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.

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)

PGE supports the ISO's proposal to allow scheduling coordinators who have completed their MMA and VOM negotiations by 1/1/2020, under the current framework, to use their negotiated values subject to the conditions discussed in the BPM for Market Instruments. PGE also supports the CAISO's proposal to allow scheduling coordinators the option of retaining values that are negotiated during the interim period to remain in place for one year after the implementation date, or, to choose between renegotiating values using the updated definitions/cost framework or using the default MA for the relevant technology group proposed in the paper.

Additional comments

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

PGE appreciates the opportunity to provide comments, and looks forward to working with the ISO and stakeholders to develop and implement efficient, effective solutions to the issues identified.