



## 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 revised straw proposal. The proposal, stakeholder call 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 **May 26, 2020**.

Submitted by	Organization	Date Submitted
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**Please provide your organization's overall position on the Variable Operations and Maintenance Cost Review revised straw proposal:**

- Support
- Support w/ caveats
- Oppose
- Oppose w/ caveats
- No position

**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 (page 7). Please explain your rationale and include examples if applicable.

See PGE's position below.

Please provide your organization's position on establishing definitions for the O&M cost components as described in section 4 (page 7). (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

**PGE opposes with caveats the CAISO's solitary reliance on the FERC Uniform System of Accounts (USofA) in distinguishing whether the replacement of equipment, plants, etc. is a maintenance activity or a capital investment. Consistent with PGE's past comments on this topic (and with feedback PGE and Puget Sound Energy (PSE) provided during the May 11th Stakeholder call) subscribing to the FERC UFofA does not equate to an undifferentiated interpretation of those definitions. Such interpretations are largely dependent upon the internal accounting structures that each company has instituted and vary by asset.**

**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. PGE also supports similar recommendations made by PSE to differentiate between maintenance activities intended to restore operation from those intended to improve operation in determining whether or not they should be included in the definition of variable maintenance.**

## **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 (page 12). Please explain your rationale and include examples if applicable.

**See PGE's position below.**

Please provide your organization's position on the ISO's proposal to refine variable operations adders as described in section 4 (page 12). (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

**PGE Supports the ISO's proposal to refine variable operations adders as described in Section 4.**

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

Please provide your organization's feedback on calculating default maintenance adders as described in section 4 (page 15) as well as in the supporting calculations posted as a separate file. Please explain your rationale and include examples if applicable.

**See PGE's position below.**

Please indicate your organization's preference for Option 1 versus Option 2. The ISO particularly wants to understand stakeholders' preferences regarding the balance between making assumptions about unit conversions versus the number of technology groups covered by default maintenance adders. If a different option is preferable, please indicate in detail your organization's preferred option.

**PGE supports Option 1 with respect to CCGTs, CTs, Aeroderivative CTs and the associated UOMs and understands why the performance of the default MA calculation would need to be consistent across these technology types, but it remains unclear to PGE why the CAISO could not also incorporate Option 2 as it relates exclusively to Hydro in the default MA calculation? PGE understands that the data sets restrict flexibility from the options, but PGE doesn't view the inclusion of the data set from Option 2 for Hydro resources as being "mutually exclusive" and would encourage the CAISO to incorporate this option, with its associated inflexibility in negotiation. Incorporating this option, even if somewhat restrictive adds a technology that should be considered in this process.**

If your organization has additional sources of maintenance cost data that it would like the ISO to consider, please provide these sources.

Please provide your organization's position on calculating default maintenance adders as described in section 4 (page 15) as well as in the supporting calculations posted as a separate file. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

**Support with caveats, as outlined above.**

#### **4. Implementation of Proposal**

Please provide your organization's feedback on the suggested implementation details described in section 4 (page 24). Please explain your rationale and include examples if applicable.

**See PGE's position below.**

Please provide your organization's position on the suggested implementation details described in section 4 (page 24). (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

**PGE supports the ISO's proposal to allow scheduling coordinators who have already completed their MMA and VOM negotiations, under the current framework, to use their existing negotiated values subject to the conditions discussed in the BPM for Market Instruments that might trigger a review or renegotiation under the new cost definitions and components.**

#### **Additional comments**

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