



Variable Operations and Maintenance Cost Review

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

Additional comments

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

Generally, SCE appreciates the CAISO's efforts in the thorough detail and reasonably well-founded approach in cost determination, including the decision to categorize between variable operations and maintenance buckets. The usage of the FERC USofA also seems prudent.

While Option 2 may benefit from multiple sources, SCE is concerned that the CAISO's making of additional assumptions, relative to assumptions in Option 1, may offset gains from the benefit of multiple sources. Hence, SCE reserves judgment between the Options. However, SCE does support the additional negotiation alternative offered in Option 1.

Of particular importance to SCE is the ability to have more frequent updating of VO costs. The increasing penetration of Variable Energy Resources (VERs) results in the need for increased ramping and cycling from conventional resources. Several components of these resources are not designed for such levels of ramping and cycling, so new costs are being realized as the grid accommodates increased VER integration. With this new paradigm, historical costs are no longer reliable estimates of performance. SCE supports more frequent updating of VO costs. While SCE supports the renegotiation option, this only allows a narrow window of when costs can be updated. Instead, for more accurate

and less obsolete cost representation, resources should be allowed to represent the newly realized verifiable cost information as it becomes available.