

Timing for Generation Projects

If a generation project is not needed to meet resource adequacy, energy or renewable energy mandate requirements, then: under what conditions should a project be built before it is needed? Generally, the answer is: ***when building the project before it is needed results in lowering long-run cost to ratepayers.*** This can occur in a number of ways:

- Comparisons of Life-Time Revenue Requirements for Alternative Timings¹: Cost over time are increasing at a high enough level to cause the levelized cost of revenue requirements to be lower with an earlier start-up for the project. For example:
 - Tax benefits from implementing renewable energy projects are expected to decline significantly over time;
 - Construction costs are expected to increase significantly over time; or
 - Revenues from the sale of output from the facility are expected to fall significantly over time.
- Cost-Benefit Analysis of Potential Cost Reductions for Future Implementation of Similar Projects: The costs incurred by an early implementation are less than the benefits received from the experience received from that project when applied to a future implementation of a similar project. For example:
 - Operating and maintenance experience from a before needed start-up reduces the operating and maintenance for the future implementation of a similar project.

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¹ Levelized cost comparisons are the typical analysis performed to determine the timing of a project that is being implemented before it is needed to meet non-economic requirements.