CHALLENGES TO ESTIMATING THE COSTS OF NEW GENERATION RESOURCES

Cost of Generation Modeling Workshop

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A Simple Question:

Q: What is the cost of building a new power plant in California?

A: It depends
Answering The Cost Question is Extremely Difficult

• Sources of cost data
• Variance of costs across time and region, even for the same technology
• Choice of capacity factor
• Financing costs
• Inclusion/ exclusion of system costs
• How to handle/ estimate cost trends
Linus’ Law:

Given enough eyeballs, all bugs are shallow
Today’s Workshop

• Meant to be a dialogue on the strengths and weaknesses of different approaches
  – Among developers
  – Between developers and users

• Day split into two areas of focus:
  – 1st Half: How did specific models and modeling teams address the challenges of cost modeling in their products
  – 2nd Half: What do the experts believe are the “best practices” in cost modeling
Your Participation is Vital

• The CEC will use the feedback gained from this workshop and stakeholder input to guide a fundamental review of its cost modeling approach.

• The questions in the agenda are meant to be a start of the discussion rather than all-inclusive.

• Written comments are encouraged from both model developers and end-users.
Written Comments

• Due May 31, 2011
• Send to: docket@energy.state.ca.us
  – Docket #11-IEP-1D Reliability