

*Response to Comments:  
Capital Investment and O&M Costs  
for New Entrant Peaking Unit*

Presentation to NYISO ICAP Working Group

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# *Comments and Responses*

- Stakeholders: Gas imbalance charges and intraday premiums are too low; no intraday premium should be included
  - *Will review information Levitan and others may provide and, if appropriate, will make adjustments*
- Stakeholders: Cost of emissions allowances for NOx and RGGI not included in econometric model
  - *Model will be revised to include allowances*
- Stakeholders: Including hourly temperature effects on capacity and heat rate in econometric model
  - *Will review proposed Levitan approach and estimate of the impact of incorporating the effect; will make an appropriate adjustment if it improves accuracy significantly*

# *Comments and Responses*

- Stakeholder comments: 6 acre greenfield sites in NYC are not available; 4 acre site is feasible for two-unit LMS100; lease rate is too low; lease rate should be lower; use one unit LMS100; assume brownfield site and increase site costs for remediation
  - *Two units is a reasonable tradeoff between higher cost of one unit and higher incremental addition of three or more units*
  - *4 acre site is feasible but adds to construction cost; will evaluate tradeoff of lower lease costs versus additional capital cost*
  - *Will review information provided on site leasing costs and make appropriate adjustments*
  - *Will review information provided on site availability and consider adopting brownfield site assumptions and additional site costs for remediation*

# *Comments and Responses*

- Stakeholder comment: Engineering & Design Service component of capital cost should be 4% higher than value from the 2007 DCR
  - *Engineering costs are estimated as a percentage of Direct Project Cost. This approach is validated by S&L experience with actual projects.*
- Stakeholder comment: Capital Investment Costs should be revised downward significantly
  - *Cost estimates are based on same methodology as the 2007 DCR with updated information on cost of labor, materials and equipment*
  - *Cost estimates are reasonably consistent with cost information provided for planned and ongoing projects in NYCA*

# *Comments and Responses*

- Stakeholder comment: 7FA upstate should have an SCR
  - *Communication with DEC indicates NOx RACT will not require SCR on new simple cycle plant upstate*
- Stakeholder comment: Lower Hudson Valley labor and productivity rates are really more like NYC rates
  - *Lack labor rate data source other than NYS Dept of Labor for Poughkeepsie for Zone G*
  - *Productivity data doesn't distinguish among ROS zones*

# *Comments and Responses*

- Stakeholder comment: Align NERA Net Energy and Ancillary Service revenue modeling with staffing levels to assure that units are staffed when model predicts unit operation
  - *Will review hours of unit operation and make appropriate adjustments to staffing*
- Stakeholder comment: Can one operator start and stop two units during off-peak period when other staff are not on-site?
  - Yes
- Stakeholder comment: Are costs of monitoring gas prices included in O&M costs?
  - *Included in contract services and A&G costs*