



# 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:
  - 1<sup>st</sup> Half: How did specific models and modeling teams address the challenges of cost modeling in their products
  - 2<sup>nd</sup> 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](mailto:docket@energy.state.ca.us)
  - Docket #11-IEP-1D Reliability