## Proposal from SoCal Gas on Task 3 – Qualification Standards and Documentation Requirements for Repair-Eligible/Repair-Indefinitely Equipment

**Developed by Paden Cast, SCG - Proposal is generally focused on heavy industrial equipment; comparable to a full-rigor approach**

The “Repair Indefinitely” equipment designation is intended to allow functional long-lifecycle equipment to be considered for the Accelerated Replacement measure category that have been in service beyond the 20 year CPUC maximum EUL limit. This designation would alter the EUL and RUL values to predetermined values (based on equipment categorization) to allow for dual-baseline consideration.

“Repair Indefinitely” is a status ascribed to an equipment in a facility where the customer asserts the following is true:

1. The equipment/process was designed such that regular and periodic maintenance is sufficient to maintain a constant level of service or meet the needs of the customer; and
2. The expected cost of equipment replacement far exceeds the cost of regular and periodic equipment maintenance to provide a constant level of service or meet the needs of the customer; and
3. the CPUC maximum EUL of 20 years does not correctly describe the full equipment useful life as the customer intends to operate it; and
	1. The existing equipment was the ISP design at the time of development; or
	2. The facility replacing the existing equipment requires an extensive capital approval process that is intended to restrict the replacement of functioning equipment

Confirmation of the “Repair Indefinitely” status is split into two parts: an affidavit from the customer asserting that the “repair indefinitely” status applies to a specific equipment and a Preponderance of Evidence threshold that the PA uses to determine if “sufficient evidence” has been provided to support this affidavit.

**Minimum Requirements to meet the “sufficient evidence” threshold**

High Rigor (>$100,000 incentive)

* Point total must exceed 6 points (including cost documentation)
* Must include one Repair item from the Cost Documentation table
* Must include one Replacement item from the Cost Documentation table

Low and Medium Rigor (<$100,000 incentive)

* Point total must exceed 4 points
* Must include one Repair item from the Cost Documentation table

Preponderance of Evidence Scoring Tables

Table 1: Preponderance of Evidence – **Supporting Documentation**

|  |  |  |  |
| --- | --- | --- | --- |
| Supporting Documentation | Direct Evidence (3 points each) | Supporting Evidence (2 points each) | Indirect Evidence (1 point each) |
| Capital Budget planning Documentation with Maintenance specific outlays | Historical evidence of regular maintenance | Evidence unit is “grandfathered” under current local AQMD rules |
| Invoices of Equipment specific maintenance outlays (routine and significant) | Instance of a significant repair activity to critical systems that extended service life | Scoping documentation for impending repairs |
| Lifecycle design documentation | Customer developed Preventative Maintenance Plan for equipment | Evidence that modifications are not intended to mitigate AQMD violations on the equipment |
| Engineering Analysis comparing repair vs replacement of equipment |  | Customer affidavit indicating they intend to repair the equipment indefinitely |
|  |  | Self-imposed ROI limitations that prevent equipment replacement |

Table 2: Preponderance of Evidence - **Cost Documentation**

|  |  |  |
| --- | --- | --- |
| Cost Documentation | Proposal (2 points each) | Quote (1 point each) |
| Repair Proposal or Bid that includes a scope of work, timeline, materials, and cost of the project | Repair Estimate or Quote that approximates the cost of the project |
| Replacement Proposal or Bid that includes a scope of work, timeline, materials, and cost of the project | Replacement Estimate or Quote that approximates the cost of the project |

Example Categories with EUL/RUL value adjustments:

Industrial Equipment (designed or intended to be operated longer than 20 years)

EUL: 20 years

RUL: 13 years (default value of 1/3 EUL + 1/3 EUL from repairs)