

**COMMENTS OF DUKE ENERGY NORTH AMERICA
REGARDING DRAFT GENERATION MAINTENANCE
PERFORMANCE STANDARDS**

Pursuant to the schedule established at the December 20, 2002 meeting of the California Electricity Generation Facilities Standards Committee (Committee), Duke Energy North America (DENA) respectfully submits these comments on the Draft Generation Maintenance Performance Standards (Draft Standards) circulated by ALJ Sullivan on December 19, 2002. Development of the Draft Standards is required under Public Utilities Code Section 761.3.

INTRODUCTION AND STATEMENT OF PURPOSE

DENA entities own or operate four natural gas fueled power plants in California each of which involves multiple generating units of varying vintage and individual operating capabilities. Each unit is maintained in accordance with the highest industry standards and in consideration of individual unit characteristics and needs in order to maximize reliability and availability while ensuring safety. The integrity of DENA's internal maintenance practices is vindicated by the high reliability demonstrated by the plants. Indeed, prior to the requirements of P.U. Code section 761.3 DENA was the subject of numerous plant inspections conducted at the request of the California Public Utilities Commission (CPUC) without a single indication of deficiency. This should not take the Committee by surprise as DENA's self interest in ensuring maximum unit reliability is obvious; if the units do not produce electricity they do not produce revenue.

Although confident in the integrity of its internal maintenance practices DENA supports the Committee's efforts to incorporate a standard set of generator maintenance standards. The existence of such standards with the imprimatur of the State may be a positive step away from the pervasive cloud of suspicion concerning post-divestiture power plant operations that has proved so destructive and wasteful of State and industry resources.

SPECIFIC COMMENTS ON THE DRAFT STANDARDS

As noted in its prior written comments¹ and at the initial Committee meeting, DENA strongly supports the conduct of one or more Committee-monitored workshops in order to go through the Draft Standards. The already scheduled meeting on January 24 would be an opportune time to conduct such a workshop. There are multiple reasons for this recommendation.

First, it is absolutely critical that the Committee's action distinguish clearly between maintenance standards, on the one hand, and prescriptive day-to-day maintenance guidelines, on the other. As described in emphatic terms at the December 20 meeting, while it is possible to develop standards which are wrapped around observed performance criteria, prescribing in detail the manner in which any individual unit should be dealt with will prove to be pointless and probably counter-productive. It is no more realistic to prescribe maintenance guidelines on individual generating units than to set a single oil-change interval for a new versus old car. Appendix A to the Draft Standards should not be part of the Committee's decision.

Second, at the same time as it is important to avoid prescriptive daily behavior it is also important to be reasonably precise on expected conduct. While the Draft

¹ Prehearing Conference Statement of Duke Energy North America (December 12, 2002).

Standards are for the most part inoffensive and within the parameters of ordinary, in-place, maintenance practices, they contain numerous elements which are hopelessly vague. [How, for example, can one behave so as to achieve “continuous improvement” (Draft Standards, Section 1 at 6) and maintain a periodically-monitored “capacity unavailability factor” (Draft Standards, Section 2 at 13) all with an aging generating unit?] While the Draft Standards frequently acknowledge the disparate characteristics and capabilities of individual units, they also leave almost perfect discretion to the CPUC to determine compliance. The Committee undoubtedly will hear in comments filed today a range of these with competing proposed rewritings. DENA thinks that the more efficacious manner of dealing with these is to put everyone in a room, one day, and work it out.

Third, auditing and reporting needs to be tightened up. As noted, DENA enthusiastically supports the apparent intent of the Draft Standards to focus on performance, with the administrative burden of auditing and reporting to be triggered by observed deficiencies. There is no reason to subject plant operations to a regular burden in the absence of an indicated problem.

Fourth, the Committee needs to attend to a potential fatal flaw in the entire proposed program. The performance standard (Draft Standards, Section 1 at 10) correctly refers to “...the proper balance of the various approaches to maintenance, e.g., preventive, predictive, (sic) or corrective.” It is the balancing of these factors, as well as personnel safety, which are employed regularly and routinely by DENA in the operation of its generating units. The Committee, however, is facing a potential showdown with independently developed and in-place operating protocols required by the California

