Cost Containment Status and Next Steps

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Develop initial Construction Cost Comparative Framework by 9/1/2019

Implement initial Framework by 1/1/2020

Continue Development of additional ROE Framework

Implement additional ROE Framework by 5/1/2020
Major Components of Cost Containment Evaluation

1. Submit a Proposal

2. Proposal Submission

3. Independent Consultant Review and Analysis

4. Calculations Evaluation
   Data Analysis
   Risk Assessment

5. Comparative Matrix is input to overall solution recommendation

6. Comparative Matrix – Compare Across Proposals
Consultant Review and Data Evaluation

STATUS

Process under active development

- PJM & IMM
- Completed PJM / IMM / Consultant conference on Nov. 15, 2018

Independent Consultant Review and Analysis

Calculations Evaluation Data Analysis Risk Assessment
Comparative Framework – Analytical Steps

- Constructability Analysis
- Financial Analysis
- Legal Analysis
• Constructability Analysis
  – Determine a cost estimate and schedule
  – Identify project specific risk factors
  – Determines relative likelihood for identified project specific risk factors
Comparative Framework – Analytical Steps

• Legal Analysis
  – Evaluate the cost containment legal language

• Financial Analysis
  – Develop base revenue requirement analysis case
    • Normalization
    • Base case
  – Determine scenarios to evaluate performance
Project Net Present Value Revenue Requirement Estimates

Cost in Dollars

- Risk Weighted Cost

Project 1  Project 2  Project 3  Project 4
Next Steps

• Continue coordination with the IMM

• Continue framework development

• Update Planning Committee