2012 Hydro Asset Strategy

(Comparing non-hydroAMP equipment results with the 2009 Plan)

Context: In the 2009 Plan, power train equipment was assessed with hydroAMP, a condition rating framework developed by the Corps, Reclamation, Bonneville, and Hydro Quebec. Other equipment did not have condition ratings, so out year replacement forecasts were driven by age.

In the 2012 Strategy, the condition of non-hydroAMP equipment was assessed with a simplified rating system built on the hydroAMP framework.

Question: In the 2012 Strategy, what is the effect on large capital funding needs of expanding condition ratings to equipment that was not rated in the 2009 Plan?

Answer: Expanding condition ratings to more equipment in the 2012 Strategy reduces the level of investment identified for that equipment relative to the 2009 Plan. The driver of this result is the use of condition in the 2012 Strategy to identify risk-based investment need as opposed to using age as a basis for later year need in the 2009 Plan.

The 2012 Strategy identifies more investment in the near term to address risk than does the 2009 Plan. In later years, the 2012 Strategy risk-based approach results in a lower level of investment need than the age-based approach used for the 2009 Plan.

Equipment without Condition Ratings in the 2009 Plan

(Non-hydroAMP Rated Equipment)

In the near term, more large capital funding is made available in the 2012 Strategy Recommended Plan than in the 2009 Plan. The 2012 Strategy modeling algorithm uses that funding availability to reduce risk and lower the lifecycle cost of equipment, some which did not have hydroAMP ratings in the 2009 Plan.

In later years when funding constraints are removed, the 2012 Strategy risk-based approach results in fewer unmet needs for non-hydroAMP rated equipment than does the 2009 Plan age-based approach. About $300 million less investment in non-hydroAMP rated equipment is identified through 2020.