BENCHMARKING THE COST PERFORMANCE OF THE HYDROPOWER INDUSTRY

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Hydro generation – it’s a very mature business and cost efficiency is moving up on directors’ agenda. Previously, costs were under-prioritised as income dwarfed operating costs and availability significantly impacted revenues.

Costs are currently a major focus area due to their impact on safeguarding values and optimising commercial potential. Paradigm changes have changed mindsets in hydro generation – reinforced by low electricity prices in Europe.

Despite the focus on cost efficiency increasing, hydro operators find it challenging to understand their own performance compared to their peers. Best practice performance is obscured due to the unique nature of each hydro operation, which is affected by, among others, various asset types and configurations, income profile and risk, regulation, hydrological factors, climate and more.

Benchmarking the Norwegian hydro industry for 25 years

We have developed a methodology that allows one-to-one comparison across different power plant portfolios. The approach – what we call the ‘weighted maintenance object’ (WMO) model – is an asset-specific measure that reveals the asset’s underlying cost drivers. WMO is established at power plant level, allowing for a consistent view of the operator’s total assets and their associated costs. This enables a direct comparison of assets and operators regardless of size, type, configuration, geography and other external factors.

The benchmark method has been developed, tested and improved over many years, and has successfully been applied for improving operational efficiency.

To find out more information about our benchmarking program please contact:
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We Make the Difference

An independent firm of over 2,600 people, we operate globally from offices across the Americas, Europe, the Nordics, the Gulf and Asia Pacific.

We are experts in consumer and manufacturing, defence and security, energy and utilities, financial services, government, healthcare, life sciences, and transport, travel and logistics.

Our deep industry knowledge together with skills in management consulting, technology and innovation allows us to challenge conventional thinking and deliver exceptional results that have a lasting impact on businesses, governments and communities worldwide.

Our clients choose us because we don’t just believe in making a difference. We believe in making the difference.